24 February 2021

Report from the Cabinet

Purpose of the Report

To provide information to the Council on issues considered by the Cabinet at the meeting held on 13 January and 10 February 2021 to enable Members to ask related questions.

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1. Grant Support for Business Recovery
Cabinet Portfolio Holder – Cllr Carl Marshall
Contact – Sarah Slaven 07500 785 618

We considered a joint report of the Corporate Director of Regeneration, Economy and Growth and the Interim Corporate Director of Resources which sought approval for a package of measures to support County Durham businesses to recover from the impact of COVID-19 in order to safeguard jobs and facilitate economic recovery.

The Government's extension of the package of measures to support jobs to April 2021 was welcome, however, businesses in the County require additional support to be able to implement plans to adapt and recover from the impact of COVID-19.

The report proposed the introduction of a £5 million Business Recovery Grant Scheme, open to businesses located in the County in all sectors, to help provide financial support for the implementation of business recovery plans. This sum may be funded from a combination of the Council's own General Fund resources and from an allocation from the Additional Restrictions Support Grant (ARG). The grants are not intended to provide crisis funding, general working capital or subsidise losses, as this is the role of the Government-backed support and loan schemes, and the local restrictions support grants.

The Durham Business Recovery Grants are aimed at businesses that have credible plans to adapt and recover, but, require additional financial support to be able to implement it. The scheme has been carefully positioned to ensure it meets identified gaps in support and does not duplicate existing grant schemes. The scheme is also flexible enough to offer appropriate support to all sectors and sizes of business in the County, from self-employed and micro businesses through to companies employing up to 250 people in the County.

The scheme will offer grants of £1,000, up to a maximum grant of £40,000 and the grant intervention rate for each project will be 75%, meaning that the business will be expected to pay for a quarter of the cost. It is estimated that a £5 million budget would enable support for at least 880 businesses and could help safeguard over 1760 jobs.

Decision

We agreed to establish a Business Recovery Grant Scheme and to provide a budget of £5 million for the scheme, noting that £3 million would be made available from the General Fund alongside a £2 million contribution from the Additional Restrictions Support Grant.

We also authorised the Corporate Director of Regeneration, Economy and Growth, in consultation with the Corporate Director of Resources and the Portfolio Holder for Economic Regeneration, to agree the detailed administration arrangements for the scheme and delegated authority to the Corporate Director of Regeneration, Economy and Growth to approve the individual business grant offers made in accordance with the scheme.

Finally, we noted the additional support being provided to micro businesses through the Durham Business Opportunities Programme and the potential need to consider additional grant support for start-up businesses. This would be by way of a separate report in due course.

2. Bishop Auckland Town Fund: Submission Approval
Cabinet Portfolio Holder – Cllr Carl Marshall
Contact – Sarah Slaven 07500 785 618

We considered a report of the Corporate Director of Regeneration, Economy and Growth which identified the timescale for the submission of the Bishop Auckland Town Fund application. The report sought that the Council's approval would be facilitated via a delegated authority arrangement.

In 2019 the Government announced that Bishop Auckland had been selected as a town that could benefit from significant funds as part of the national Towns Fund. The Towns Fund Prospectus, published in November 2019, identified that £3.6 billion had been made available to 'unleash' the full economic potential of 101 towns across the country. Towns would be able to bid for up to £25 million in each place, and in exceptional circumstances may bid up to £50 million. Durham County Council is a lead Council and appointed a Town Board in February 2020.

The Board has been working since March to develop proposals for investment which would be included in a bid submission required to be made to Government by the end of January 2021. COVID-19 has significantly impacted on the timescale for this national initiative and the publication of detailed guidance was delayed until June 2020.

The Council is required to undertake the role of the accountable body to the Town Board and in relation to the use of any Towns Fund resources accessed by the Board.

The process requires that:

(a) the Town Investment Plan submission is approved by both the lead Council and the Town Board and submitted before the end of January 2021;
(b) the submission complies with the detailed requirements in the Town Fund Guidance of June 2020;

(c) the Town Board has robust and appropriate governance arrangements in place;
(d) following approval by Government a Heads of Terms is agreed to be signed off by the Government, DCC and the Town Board Chair.

Decision

We agreed to delegate authority to the Corporate Directors for Regeneration, Economy and Growth and Resources in consultation with the Leader, Deputy Leader and Portfolio Holder for Economic Regeneration to agree the final Bishop Auckland Town Fund submission.

3. Towns and Villages Investment Plan [Key Decision: REG/01/21] Cabinet Portfolio Holder – Cllr Carl Marshall Contacts - Graham Wood 03000 262 002 and Michelle Robinson 03000 261 917

We considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an update on the Towns and Villages programme, which has identified over £750 million of investment across the County as part of a long-term commitment to supporting thriving communities.

Cabinet was requested to endorse the Towns and Villages Investment Plan, setting out a £20 million commitment to the most disadvantaged communities. Further to the success of the 14 Area Action Partnership (AAP) consultation events held in October and November 2020, the report recommended that we agree to an additional £5 million investment, which would further support the COVID-19 recovery priorities and provide each AAP with a budget in recognition of the opportunities to deliver local priorities raised by communities.

As an integrated approach to place-based regeneration, Towns and Villages has identified a conservative estimated investment programme of more than £750 million. A clear program supporting place priorities, such as the re-use of derelict buildings, walking and cycling improvements, public realm and leisure schemes for towns and villages across Durham's large and diverse County.

Towns and Villages is a long-standing priority of the Council. In the context of the impact of the economic recession induced by the restrictions required due to the COVID-19 pandemic, towns and villages face increased challenges. This significant boost to investment across the County will provide vital stimulus to support the recovery.

In adopting an integrated approach to place-based regeneration, the Towns and Villages Programme ensures stronger outcomes by aligning Council activity and working alongside partners.

We agreed the Towns and Villages Strategy in October 2020, subject to consultation across all 14 AAPs which geographically cover the full County and all open to the public. This consultation received overwhelming support. A key objective of the Towns and Villages Strategy is to ensure added value to investment. By identifying current investment, it is possible to better align projects, realign budgets to priorities and identify gaps or areas where more support will create better community outcomes. This includes the delivery of Council services alongside the investment of partners across the county such as ensuring quality affordable housing. Towns and Villages provides opportunities to support businesses and retailers in these unprecedented times; revamping town centres to make them more resilient to changing economic conditions; developing strategic employment opportunities to create more and better jobs; making improvements to walking and cycling infrastructure and tackling housing issues that currently exist including empty properties and pockets of low demand across the County.

The Strategy provides the context for future investment decisions to be taken by partners ensuring that priorities identified directly through the consultation and the supporting evidence can be delivered. It ensures that budgets such as Section 106 money delivered through planning permissions and local transport programmes are aligned to the priorities. Finally, the Investment Plan brings together all investment to provide additional capacity to help those areas in most need to maximise the outcomes particularly relating to community resilience and increasing confidence in our most disadvantaged areas.

County Durham is primarily a rural County and therefore the future prosperity of our rural areas is central to the success of Towns and Villages. County Durham's rural areas vary widely in character from remote and sparsely populated areas in the Pennine Dales, to the larger villages located within the former coalfield communities. The specific needs of rural communities are widespread meaning that issues including rural isolation and community resilience, specific employment and housing needs as well as transport and connectivity is central to this approach. County Durham has number of challenges ahead including how it addresses the Climate Change Emergency and how it responds to the impacts of the COVID-19 pandemic. The Strategy will support the county’s recovery and build long term resilience by focusing upon these challenges and ensuring all projects are aligned to and take account of these issues when identifying the future investment plan. As part of agreeing the Strategy, Cabinet also agreed £20 million to support the most disadvantaged communities.

The report proposed that a further allocation of £5 million is made to ensure that opportunities to improve local areas can be further enhanced. This raises the overall Towns and Villages programme allocation to £25 million. This financial commitment is to accelerate the delivery of County Council priorities through a greater understanding of both the needs and opportunities that exist within

communities. It also provides an opportunity to ensure that every AAP will benefit from this funding by allocating a specific budget for each area to spend against the agreed priorities of the Strategy. The Towns and Villages Investment Plan details the projects and priorities that will deliver targeted improvements to the most disadvantaged communities. This partnership approach will be embedded through regular dialogue with AAPs, including the monitoring of projects and the identification of new opportunities.

Decision

We agreed a further £5 million investment, to bring the Towns and Villages funding allocation to £25 million, to supplement the existing Towns and Villages programme which is delivering over £750 million investment across the County.

We also agreed the detail contained in the Towns and Villages Investment Plan that sets the investment programme for 2021-2024 which was set out in Appendix 2 of the report.

We endorsed the Governance arrangements as detailed within the report and agreed to delegated authority to the Corporate Director of Regeneration, Economy and Growth and the Interim Corporate Director of Resources, in consultation with the portfolio holders for Economic Regeneration and Deputy Leader and Finance, to approve any changes to the Investment Plan as identified for financial year 2021/22.

4. Medium Term Financial Plan 2021/22 to 2024/25 and Revenue and Capital Budget 2021/22 - Key Decision: CORP/R/20/02 Cabinet Portfolio Holder – Cllr Alan Napier Contacts - Jeff Garfoot 03000 261 946, Gordon Elliott Tel: 03000 263 604 and Jenny Haworth 03000 268 014

We considered a report of the Interim Corporate Director of Resources which provided comprehensive financial information to enable the agreement of the 2021/22 balanced revenue budget, details of significant investments in key front line services, an outline Medium Term Financial Plan MTFP(11) 2021/22 to 2024/25 and a fully funded capital programme.

The Spending Round

Local government operated in a period of austerity between 2010/11 and 2019/20, during which time a combination of government funding cuts and unfunded increased cost pressures resulted in very difficult decisions being required year on year to set a balanced budget. The cumulative impacts of those issues have made increasingly difficult to continue to protect front line service delivery. Since that time, although limited additional funding has been provided, unfunded budget pressures continue to intensify. More importantly

however, there was significant uncertainty over future funding settlements due to the further delays in the Comprehensive Spending Review and the implementation of the Fair Funding Review, alongside the unquantified impact of the UK exit from the European Union.

During 2020 the Council faced the significant financial impact of the coronavirus pandemic. The immediate impact during 2020/21 had been substantial, whilst the longer-term impact was more difficult to gauge at the present time. The pandemic added further uncertainty to the council's financial position over the medium term.

Originally, the Government had planned to have a multi-year settlement for local government and to implement the fair funding review from 2020/21. However, this was delayed by Brexit and the 2019 General Election which resulted in a one-year settlement being received in the current year, with a multi-year settlement and the introduction of the fair funding review expected for 2021/22. The impact of the coronavirus pandemic however had resulted in a further one-year Spending Round and a subsequent further delay to the Comprehensive Spending Review and the Fair Funding Review implementation. This ongoing delay made future planning extremely uncertain.

It is presently forecast that the national deficit in 2020/21 would be £390 billion. The Chancellors Red Book forecasts, published as part of the one-year Spending Round in late 2020, identified that the country would still have a national deficit of £100 billion in 2024/25. As a comparison, at the peak of the 2008 financial crisis, the national annual deficit peaked at £170 billion, which resulted in public spending restraint over a number of years and ten years of austerity for local government. Given the uncertainty over the spending review and in light of the level of national debt, there was significant concern that local government funding could continue to be reduced from 2022/23 onwards. This risk was further heightened with consideration given to the additional funding increases and protections provided to Health, Education and Defence in future years, as set out in the Government's Red Book.

In light of this, MTFP(11) forecasted therefore assume a prudent assessment of further reductions in local government funding from 2022/23 onwards.
For 2021/22, the local government provisional settlement had provided some time limited additional financial resources for core budget pressures, albeit there with no certainty of future funding levels beyond 2021/22. The government's own analysis of the Spending Round announcements highlighted that the majority of the £2.2 billion or 4.5% national increase in Core Spending Power for local authorities is expected to be generated by a 4.99% increase in council tax in 2021/22 for upper tier councils.

The assumed 4.99% council tax increase included a 1.99% Referendum Limit increase for council tax and a 3% increase for Adult Social Care precept. Local

authorities can however phase the increase in the 3% Adult Social Care precept over the 2021/22 and 2022/23 financial years. It is unlikely that there will actually be a 4.5% increase in Core Spending Power for local government in 2021/22 as not all authorities will take advantage of the full 4.99% council tax flexibility in the next financial year.

After taking into account inflationary increases in business rates and Top Up grants, the net increase in core government funding to local government nationally is £130 million, which represents only a 0.3% increase in national Core Spending Power for local government.

The Council has long argued that additional government funding should be provided nationally which enables service need and deprivation alongside tax raising capacity to be taken properly into account when apportioning funding. Funding a higher proportion of local government spending through council tax increases simply results in disproportionate and unfair increases in resources and spending power in one area compared to the next. Councils in more affluent areas receive higher than average Core Spending Power increases, whilst those councils in more deprived areas receive a lower than average increase in their Core Spending Power, with need and spending pressures often being the opposite.

The government has also published details of spending power 'per dwelling' for all local authorities, which shows that Durham is now £180 (c9%) less than the England average. If Durham's Core Spending Power was brought up to the England authority average of £2,068 per dwelling, the Council would annually receive additional government grant of £45 million.

As part of the provisional local government finance settlement the Council will receive a 2021/22 £15.6 million grant to support ongoing costs associated with the pandemic next year. The current Income Guarantee Scheme will also continue for three further months from April to June 2021.

It is not possible at this stage however to determine whether the short-term funding that has been provided will be enough as this is ultimately dependent on the duration of the pandemic and the consequential impact on the Council's income and expenditure. This adds to the uncertainty across the MTFP(11) planning period.

The Council will receive a one off £7 million Local Council Tax support grant in 2021/22. It is proposed to continue with the £300 council tax hardship support scheme the Council introduced for 2020/21 for a further year, at a forecast cost of circa £5.5 million. It is also proposed that the residual £1.5 million is invested in welfare support schemes, with a significant proportion of this (c£1.4 million) being allocated to Area Action Partnerships (£100,000 per AAP) to implement

local schemes to complement and enhance actions being taken as part of the Poverty Action Plan.

Additional Investments

The Council has managed its finances extremely effectively since 2010 and as a result, remains in a position to continue the short-term investment programme that was agreed for 2020/21 into the 2021/22 financial year.

The proposed budget includes the continuation of £10 million of additional short-term investments across a number of key front line service areas, as summarised below, bringing the additional investment committed in these areas to £20 million over 2020/21 and 2021/22, with any underspending in 2020/21 due to the impact of the pandemic being carried forward to augment the 2021/22 budget allocation. The 2021/22 budget will include the following investments:

(a) £2.5 million of investment in highways – including additional investment in street lighting, measures to tackle backlog maintenance and pothole repairs, additional gully cleansing and drainage inspections and further investment in improving road markings;

(b) £0.5 million of investment to support the development of new social housing;

(c) £2.0 million of additional investment in Clean and Green and other Neighbourhood Initiatives. This investment will include Neighbourhood “Find and Fix” environmental teams, complementing “Operation Spruce Up” and responding rapidly to neighbourhood blight and environmental concerns;

(d) £1.5 million of additional investment to support the Council’s approach to tackling climate change, which will assist in leveraging in additional national funding and will provide a platform for attracting further local investment from partners and other agencies. This additional funding builds on the Council’s ongoing resource commitments that are set out in the climate

(e) change plans that have been considered by Cabinet and Council; £1.5 million of additional investment in Welfare Assistance and Discretionary Housing Payments in support of the Poverty Action Plan - which those most in need rely on, whilst also investing in support for the long term unemployed to help them into work. Further investment will also be made in supporting activities with

food during school holidays and supporting investment in foodbanks where this is required;

(f) £1.0 million of additional investment in library and leisure services, to improve access and the digital offer in particular within these services;

(g) £1.0 million of additional investment in Children and Young People's Services, funding a range of initiatives to support engagement and partnership working with young people and to improve quality.

The 2021/22 budget also commits an additional £5 million for Towns and Villages investment, which brings the total value of funding committed for this local investment to £25 million, of which £4.2 million (£300,000 each) will be allocated to local Area Action Partnerships in support of local schemes to enhance Towns and Villages across the county based on local priorities. This will complement the existing range of investments under this ambitious programme of interventions.

Local Government Finance Settlement

The financial outlook for the Council will continue to be extremely uncertain until the conclusion of the Comprehensive Spending Review, Fair Funding Review, the long term impact of the pandemic, the UK exit from the European Union and any associated impacts arising from the Trade Deal.

It is unlikely that there will be clarity in any of these areas until well into 2021/22, most likely the autumn of 2021 at the earliest. These factors continued to make accurate medium-term financial planning extremely difficult. The Fair Funding Review, originally scheduled for implementation from April 2020, alongside a move to 75% Business Rates Retention (BRR), has been delayed until at least 2022/23.

There was currently no certainty in terms of the quantum of funding available to local government from 2022/23 onwards, nor how this funding will be apportioned between authorities. It is clear that there are significant risks to the Council's funding depending on the principles that are ultimately agreed for fair funding distribution and how any move to 75% BRR is implemented.

The Council is also likely to face further cost pressures in the future which historically have not been fully funded by government in areas such as children's social care.

Indications from the ongoing Fair Funding Review discussions are that the government is still considering the adoption of the Advisory Council for Resource Allocation (ACRA) methodology for apportioning Public Health Grant.

This is a significant financial risk that members will be aware of from previous reports, with the council forecast to lose more Public Health funding than any other authority in the country - a forecast loss of £18 million (circa 35%). The ACRA formula results in a significant shift in Public Health funding from deprived areas to more affluent areas and does not recognise the fact that this investment was based on local funding decisions by the former Primary Care Trusts based on specific public health needs within County Durham.

The impact of the coronavirus pandemic has further illustrated the enormous health inequalities across the country. Any reduction in Public Health funding for the county at this point would be counter to the demands, pressures and issues we face in terms of closing these inequality gaps.

It is considered likely at this stage that any variance in government grant allocations arising from the long-term Comprehensive Spending Review will be fully implemented across the last three years of the current parliament. It has also been assumed that the impact of the Fair Funding Review will be implemented across a five-year transition period, running into the next parliament, although this will not be clarified until final decisions are made on the implementation of the review outcomes.

Given the extent of risk associated with the loss of public health funding and assumed losses of government funding arising from the Fair Funding Review, government funding reductions are included in MTFP(11) planning from 2022/23 onwards.

The provisional Local Government Finance Settlement was announced on 17 December 2020 and confirmed an increase in the Social Care Grant for 2021/22 of £5.2 million from £17.7 million to £22.9 million. It is assumed in MTFP(11) planning that this funding is recurrent.

Unfortunately, the £300 million national increase in the Social Care Grant has been part financed by a £150 million reduction in the New Homes Bonus. It is apparent therefore that the additional £300 million is not all new money, with the council losing £3.1 million of New Homes Bonus in 2021/22 as this funding regime is drawn to a close.

The government has also utilised a reduction of £285 million nationally in the New Homes Bonus to create a new ‘Lower Services Tier Grant’ of £111 million. The council will receive £0.7 million from this new grant. This grant includes a ‘floor’ element which ensures that no authority has a negative Core Spending Power position for 2021/22. This has resulted in a top slice from this grant of £25 million and all of the £25 million has been distributed to district councils who were the major beneficiaries from New Homes Bonus and all of whom have been significantly impacted by its reduction.

The government has recognised the significant budget pressures local authorities are facing in the High Needs Dedicated Schools Grant (HNDSG) budget which provides support to children with special needs. Additional funding of £8.5 million has been provided for 2021/22, which will help to meet current overspend in this budget area. This funding was announced last year and the Government have honoured that previous commitment.

The settlement has confirmed that the government continues to reimburse authorities who would otherwise 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).

Whilst the financial settlement for the Council has slightly improved for 2021/22, a clear focus remains to realise improvements in efficiency and to deliver value for money savings.

Savings of £5.4 million approved in MTFP(10) continue across the MTFP(11) period alongside an additional £2.4 million of new savings proposals that have been identified for inclusion in MTFP(11). This provides £7.8 million of budget support across MTFP(11) with £5.3 million of this sum available in 2021/22. Although additional funding is available for 2021/22 the council still expects to face significant budget pressures across the MTFP(11) period, particularly in social care services. At this stage, taking account of the risks associated with the Fair Funding Review and the Comprehensive Spending Review, it is forecast that savings of £36 million in addition to those detailed in this report will be required across MTFP(11) with increases in business rates and council tax not expected to keep up with the scale of budget pressures faced. The Council will continue to plan on the basis of a requirement to identify future savings to ensure future years' budgets can be balanced.

In total, the £7.8 million of savings proposed for MTFP(11) period results in the Council having saved £250 million since 2011/12, with £242 million being delivered by 31 March 2021. The forecast £36 million shortfall across the MTFP(11) period would result in total savings of up to 2024/25 of £286 million.

Capital Investment

During the significant period of austerity, the Council has continued to prioritise investment in its assets through an ambitious and extensive capital programme. MTFP(11) contains further significant investment in the capital programme, with additional schemes totalling £88 million included, taking the forecast investment from 2020/21 to 2024/25 to £484 million.

The main additional investments in MTFP(11) relate to a further £13.1 million investment for Leisure taking total planned investment to date to £39.1 million. There is an initial £8 million investment in a forecast £34 million scheme to rebuild both Belmont Community Arts College and Belmont CE Primary on a shared campus. The MTFP(11) capital bids also include a further £5.8 million investment in the £13.1 million new build primary School in Spennymoor and the initial £4.5 million investment in new council housing, which is part of a forecast £12.5 million council investment to enable the construction of 500 new council houses over the next five years as part of the Council's new Housing Revenue Account.

MTFP Savings and Council Tax

The council's MTFP strategy since 2010/11 has been to protect front line services as far as possible and the 2021/22 proposals are in line with this strategy both in terms of savings being realised and additional investments proposed. 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(11) period and are shown at Appendix 3 of the report.

In the setting of council tax levels for 2021/22, careful consideration has been given to the significant future financial pressures facing the Council and the lack of information in relation to future financial settlements. Consideration has also been given to the Governments expectations and to the impact of increases in Council Tax on residents who themselves may be facing difficult circumstances. The government has confirmed that the Council Tax referendum limit for 2021/22 will be 2%.

The Council also has the option to increase Council Tax by an additional 3% for an adult social care precept, which can be phased across 2021/22 and 2022/23, with the government-published Core Spending Power figures assuming all authorities utilise the ability to increase Council Tax by the maximum possible sum in 2021/22.

After considering the impact on the Council's budget and on local Council Tax payers, the most financially vulnerable of which continue to be fully protected by our Local Council Tax Support Scheme, this report recommends a 1.99% increase in the Council's Band D Council Tax in 2021/22, which is below the 2% referendum limit. In addition, the report recommends a 1% increase to the Adult Social Care precept in 2021/22. The total increase will generate additional Council Tax income of around £7 million per annum. The total increase would result in a Band D increase of 95 pence a week and an increase of 63 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) significant short term investment in a broad range of priority front line services – including significant local investment via the Area Action Partnerships who will each receive an additional £400,000 of grant to support local welfare / anti-poverty measures (£100,000) and investment in towns and villages (£300,000) based on local priorities;

(b) 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 and where those left with a bill will receive up to £300 of additional support next year;

(c) 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;

(d) significant investment in capital expenditure including investment in leisure provision, in our town centres and infrastructure, including new transport schemes and maintenance of our highways and pavements. In total, additional capital investment of £88 million is recommended in this report.

As outlined in previous MTFP reports, equality impact assessments are also summarised to inform the consultation and subsequent decision making. Workforce implications arising from proposals for 2021/22 savings have been analysed.

Decision

We resolved to recommend the following to full Council for approval:

(a) 2021/22 Revenue Budget

(i) approve the identified base budget pressures included in paragraph 102 of the report;

(ii) approve the short term investments included in paragraph 114 of the report;

(iii) approve the continuation of the £300 council tax hardship scheme for 2021/22 to be financed from the one off £7 million Local Council Tax Support Grant;

(iv) approve the savings plans detailed in Appendix 3 of the report;

(v) note the governance arrangements in place to invest £0.3 million in each AAP from the Town and Villages reserve and the criteria in place for that investment;

(vi) note the collection fund position for 2020/21 and approve that the 2020/21 £1.514 million collection fund surplus and the £0.514 million 2021/22 Local Tax Income Guarantee grant are utilised to support the MTFP(11) capital programme;

(vii) approve a 1.99% 2021/22 Council Tax increase and a further 1% increase which relates to the Adult Social Care precept, making the total increase in Council Tax 2.99% next year;

(viii) approve the 2021/22 Net Budget Requirement of £441.131 million;

(ix) note the additional one-off funding support provided to finance the ongoing financial impact of the coronavirus pandemic and the need to monitor this position closely.

(b) MTFP(11)

(i) agree the forecast MTFP(11) financial position;

(ii) set aside sufficient sums in Earmarked Reserves as is considered prudent. The Corporate Director of 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 £33 million;

(iv) note the transfer of £5 million of earmarked reserves into the Town and Villages Reserve.

(c) Capital Budget

(i) approve the revised 2020/21 Capital Budget of £139.511 million and the 2021/22 Capital Budget of £183.970 million;

(ii) approve the Capital Strategy at Appendix 8 of the report;

(iii) approve the additional capital schemes detailed at Appendix 9. 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 available flexibilities in this regard. The utilisation of such flexibility would require the approval of Cabinet;

(v) approve the MTFP(11) Capital Budget of £484.464 million for 2020/21 to 2023/24 as detailed in Table 15.

(d) Savings Proposals

note the approach taken by service groupings to achieve the required savings.

(e) Equality Impact Assessment

note the key equality impact analysis as summarised in this report and consider impacts of proposed savings on staff and residents.

(f) Pay Policy

approve the Pay Policy Statement at Appendix 10 of the report.

(g) Risk Assessment

note the risks to be managed over the MTFP(11) period.

(h) Dedicated Schools Grant

(i) note the position on the Dedicated Schools Grant;

(ii) approve the local formula for schools set out in Table 17 and authorise the Corporate Director of Resources to approve any amendments required following review by the DfE.

(i) Local Council Tax Support Grant

(i) agree to continue with the current £300 Local Council Tax Support top up scheme in 2021/22;

(ii) note the allocation of £1.4 million to AAP's from the Local Council Tax Support Grant in 2021/22 to invest in local anti-poverty and coronavirus response initiatives.

(j) Prudential Code, Treasury Management and Property Investment

(i) agree the Prudential Indications and Limits for 2021/22 – 2024/25 contained within Appendix 12 of the report, including the Authorised Limit Prudential Indicator;

(ii) agree the Minimum Revenue Provision (MRP) Statement contained within Appendix 12 which sets out the council's policy on MRP;

(iii) agree the Treasury Management Strategy and the Treasury Prudential Indicators contained within Appendix 12;

(iv) agree the Cash Investment Strategy 2021/2 contained in the Treasury Management Strategy (Appendix 12 including the detailed criteria);

(v) approve the Property Investment Strategy at Appendix 13.

5. School Admission Arrangements Academic Year 2022-23 [Key Decision: CYPS/09/2020] Cabinet Portfolio Holder – Cllr Olwyn Gunn Contact – Graeme Plews 03000 265 777

We considered a report of the Corporate Director of Children and Young People's Services which sought approval of the admission arrangements and oversubscription criteria for Community and Voluntary Controlled Schools for the 2022/23 academic year.

Admission authorities must agree admission arrangements annually. However, if there are no changes proposed, they only need to be consulted on at least every 7 years. The current admission arrangements were consulted on between 1 October to 31 December 2019. The current oversubscription criteria were introduced in 2011/12. The fifth criterion is "Applicants to their nearest School. Those children who have applied for a place at the nearest school to their home

address measured by the shortest walking route". If some children considered within the above criterion cannot get a place at the preferred school, the following tiebreaker is applied "priority will be given to those who would otherwise have to travel the furthest distance to the next nearest school".

Consultation commenced in September 2020 on a proposal to amend the tiebreaker in the Council's published oversubscription criteria for admission to community secondary schools from September 2022 to "Applicants to their nearest School. Those children who live closest to the nearest school to their home address measured by the shortest walking route".

There were 76 responses were received to the consultation, 26 in support of the proposed change and 50 not in support. Most responses not in support of the proposed change were from residents and parents living in Fencehouses, Bournmoor and Lumley as well as the Local Member for Lumley who felt that they would have greater difficulty in obtaining a place at Park View School than they do currently. Those in support of the proposed change were of the opinion that is was a fairer and more easily understood method of determining who gets a place and who does not.

The change applied to only community secondary schools or those academies who used the Council's oversubscription criteria. For the school year 2021/22 Park View School amended its oversubscription criteria, as it is at liberty to do as an academy, so their oversubscription criteria was no longer the same as the Council's. One of the changes made is for the tiebreaker within the nearest school criterion to be that which the Council is considering introducing for the 2022/23 academic year. Consequently, regardless of whether the Council agrees to the proposed change to its oversubscription criteria, it would have no impact on children whose parents wish for them to attend Park View School. It only impacted on them if they expressed a preference for a place at a school or academy where the tiebreaker, within the nearest school criterion, was the same as the Council's.

The proposed admission number for each Community and Voluntary Controlled School was also detailed in the report.

Decision

We approved the proposed admission numbers as recommended in Appendix 2 of the report.

We also approved the admission arrangements detailed in Appendix 3 of the report. These arrangements included the proposed change to the tiebreaker in the Council's oversubscription criteria to "those children who live closest to the nearest school to their home address measured by the shortest walking route".

6. Proposal to amalgamate Durham Community Business College and Fyndoune Community College into a single secondary school on the site of Durham Community Business College from 12 April 2021 [Key Decision: CYPS/01/2021]
Cabinet Portfolio Holder – Cllr Olwyn Gunn
Contact – Graeme Plews 03000 265 777

We considered a report of the Corporate Director of Children and Young People's Services which sought approval to amalgamate Durham Community Business College (DCBC) and Fyndoune Community College (FCC) into a single secondary school on the site of Durham Community Business College from 12 April 2021, taking account of the Local Authority's duties as prescribed in the Education and Inspections Act 2006 to secure sufficient places and to ensure good outcomes for all children and young people in the local area.

FCC has been part of a formal federation with DCBC since September 2009 – the 'Durham Federation'. As a result of both schools failing Ofsted inspections, the Department for Education (DfE) issued a directive Academy Order in the expectation that the schools would be sponsored by a multi-academy trust. The DfE failed to secure a sponsor. As a consequence, the DfE agreed to return the schools to local authority-maintained control. This step required a process of public consultation following DfE statutory guidance.

Consultation was carried out between 5 October and 15 November 2020 with Governors, staff, parents and the wider community. Only 9 responses were received to the consultation, 5 in support of the proposal and 4 not in support. Those responses to the consultation that did not support the proposal failed to put forward educational reasons to suggest that amalgamating DCBC and FCC was not the correct thing to do.

In a report dated 19 November 2020, the Corporate Director of Children and Young People's Services, used delegated powers to approve the issuing of a statutory notice proposing to amalgamate Durham Community Business College and Fyndoune Community College into a single secondary school on the site of Durham Community Business College from 12 April 2021. The statutory notice was issued on 26 November 2020. Any person wishing to object or make comments on the proposal had four weeks from this date to do so. No comments were received to the proposal.

Decision

We agreed to amalgamate Durham Community Business College and Fyndoune Community College into a single secondary school on the site of Durham Community Business College from 12 April 2021.

7. Proposal to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone School as a registered school on 31 August 2021
[Key Decision: CYPS/02/2021]
Cabinet Portfolio Holder – Cllr Olwyn Gunn
Contact – Graeme Plews 03000 265 777

The Cabinet considered a report of the Corporate Director of Children and Young People's Services which sought approval to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone School as a registered school on 31 August 2021. Windlestone School was inspected on 12 November 2019 and was judged to be inadequate. Under DfE regulations, as a result of this judgement, a directive Academy Order will generally be issued by the Secretary of State and the school will be expected to convert to academy status, sponsored as part of a multi-academy trust. Alternatively, if a local authority takes steps to close the inadequate school, and, can do so in a satisfactory manner that disadvantages none of the pupils currently attending the school, the DfE can choose to withhold the issuing of an academy order.

The Council proposed the closure of Windlestone as a registered school but, as part of the same consultation, enlarging Elemore Hall Special School to operate across its own site and the site of Windlestone School. In this way both sites would continue to be used so that students currently attending would continue to be educated on a site, familiar to them, for as long as it was suitable for their progress and wellbeing. Pupils would not have their education disrupted but would benefit from the improved standards of teaching, learning and leadership recognized by Ofsted in their inspections of Elemore Hall School.

Consultation was carried out between 5 October and 15 November 2020 with Governors, staff, parents and the wider community on the proposal to close Windlestone as a registered school and enlarge Elemore Hall. 20 responses were received to the consultation, 14 in support of the proposal and 6 not in support of it.

In a report dated 19 November 2020, the Corporate Director of Children and Young People's Services used delegated powers to approve the issuing of a statutory notice proposing to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone School as a registered school on 31 August 2021. The statutory notice was issued on 26 November 2020. Any person wishing to object or make comments on the proposal had four weeks from this date to do so. No comments were received to the proposal. No responses or comments were received to the statutory notice.

Decision
We agreed to enlarge Elemore Hall School from 1 September 2021 and to close Windlestone School as a registered school on 31 August 2021.

8. A Corporate Environmental Statement, Management System and Governance
Cabinet Portfolio Holder – Cllr Brian Stephens
Contacts – Steve Bhowmick 03000 267 211 and Oliver Sherratt 03000 269 259

We considered a report of the Corporate Director of Neighbourhoods and Climate Change which set out a statement of environmental ambitions for the County Council. The report sought our approval to adopt a nationally recognised environmental management system and accreditation through Investors in the Environment to ensure robust processes and performance management discipline were integrated into driving improvements. We were also asked to consider strategic governance arrangements that would help lead in the corporate coordination of environmental activity in fulfilment of these ambitions, especially those linked to climate change.

The County Council holds a wide variety of plans and strategies related to the environment, for example Climate Change Emergency Action Plan, Single Use Plastics, Cycling and Walking Strategy, Sustainable Procurement, as well as commitments made in the Local Plan and County Durham Vision. It was now timely to consider how these plans worked together and set out a summary statement of the Council's environmental aspirations, encompassing existing and future plans, within which initiatives, targets and benefits could be identified and addressed. The report provided an overarching environmental statement for consideration that would fulfilled these ambitions.

The ambitions within the statement would be reflected in the Council's values and its relationships, both internally and externally. The statement was set out in Appendix 2 of the report.

The development of a variety of important environmental plans, some of which were nationally recognised as developing best practice, had continued at pace. The introduction of an overarching statement would provide immediate and long-lasting benefit by reinforcing an overall and unifying commitment. An effective environmental policy was dependent on a clear and practical delivery mechanism and an Environmental Management System (EMS) was an established process for achieving this.

The nationally recognised Investors in the Environment (IiE) management system had been developed to record, monitor and improve all environmental aspects of organisational operations leading to an auditable, externally verified accreditation. By adopting this system, the Council would achieve a measurable demonstration of environmental performance.

It was recognised that the Council's greatest environmental challenge was that of reducing its carbon emissions, and through a partnership approach fostering

a reduction in emissions across the County. The report to Cabinet in February 2019 detailed an ambitious Climate Emergency Response Plan (CERP). Significant progress had already been made against this plan and an annual progress report would shortly be published. There was an opportunity to align the work of the CERP with the EMS through a common governance framework.

Overseeing the implementation of the EMS and the CERP would be the responsibility of a senior-officer level Net Zero Carbon Board under the leadership of the Corporate Director of Neighbourhoods and Climate Change. The board would be supported by operational and policy workstreams from across the organisation to ensure delivery. The board would also play a pivotal role in relating corporate activity to externally based initiatives being developed through the recently re-established Environment and Climate Change Partnership. This comprised county-wide external stakeholders working with the Council to achieve environmental outcomes and operated under the auspices of the County Durham Strategic Partnership.

Decision

We endorsed a new corporate Environmental Statement and agreed to implement it across all Council services.

We also agreed to the introduction of an Environmental Management System to manage and record progress, and accreditation through the national Investors in the Environment (IiE) accreditation scheme.

We supported the establishment of a cross-service mechanism to drive the delivery of the Environmental Statement along with the existing Climate Emergency Response Plan and other key environmental commitments through the introduction of a corporate Net Zero Carbon Board.

9. Council Homes Build Programme – Phase 1
Cabinet Portfolio Holder – Cllr Kevin Shaw
Contact – Laura Martin – 03000 261260

We considered a report of the Corporate Director of Regeneration and Economic Development which provided an overview of the arrangements in place to support the development of 500 new Council homes over the next five years. The report provided details of seven development sites across the County and sought authorisation to begin the first phase of the Durham County Council, New Council Home Build Programme.
In March and October 2020 we approved a £70 million development programme to build 500 new Council Homes over the next five years. A phased plan to building the new homes is proposed to allow a structured and planned approach to providing the appropriate professional capacity and expertise needed to ensure the new developments would meet the housing needs within

the County. The report outlined the potential Phase 1 of the new build programme, covering the Phase 1 site selection, delivering the programme and the next steps. The new building programme investing directly £70 million in new homes, provides not only essential new homes, but would support the ongoing economic and community recovery from the Covid19 pandemic.

The decision to become a landlord would mean that a new significant service area within the Council would need to be developed to accommodate not only the development and build of the homes but most importantly, it would require the introduction of a new housing management service to ensure that the Council's legal responsibilities were effectively discharged and a high quality service was delivered to tenants. The delivery of £70 million investment, like all County Council investments, would be delivered in accordance of the County Durham Pound principles, to ensure all investment supported strict and strong social value principles.

A 500 homes programme would result in a total capital spend of approximately £70 million, which would help support the local construction industry and associated supply chain. It is envisaged that emerging work with Procurement on a Durham Local Wealth Building programme would ensure that local communities and businesses directly benefit.

Decision

We:

(a) agreed phase 1 of the Council Homes Building Programme subject to individual scheme viability;

(b) delegated authority to the Corporate Director of Regeneration and Economic Growth and the Interim Corporate Director of Resources, in consultation with the Portfolio holders of Strategic Housing and Assets and Finance to:

(i) consider detailed reports on scheme viability and to sign off schemes for full development;

(ii) agree any substitute sites to replace sites that do not pass the appropriate viability tests.

(c) agreed to receive, by October, a further report on Phases 2 and 3 of the programme to build out the 500 new homes.