



Report of Cabinet

Electoral division(s) affected:

All

Purpose of the Report

- 1 To provide information to the Council on issues considered by the Cabinet at the meetings held on 13th October and 17 November 2021 to enable Members to ask related questions by no later than midday 3 working days before the day of the meeting

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- 1. Medium Term Financial Plan(12), 2022/23 – 2025/26 - Key Decision No. CORP/R/21/02
Cabinet Portfolio Holders – Councillors Amanda Hopgood and Richard Bell
Contacts: Jeff Garfoot 03000 261946 and Gordon Elliott 03000 263605**

We considered a report of the Interim Corporate Director of Resources which provided an update on the current forecast position for the 2022/23 budget and the Medium Term Financial Plan (MTFP(12), 2022/23 to 2025/26 and factored in working assumptions in terms of Council Tax increases.

Local government continued to operate in a period of significant financial uncertainty brought about by a series of one-year financial settlements. There were also significant budget pressures in social care, special educational needs, disability services and other unfunded pressures arising from demographic and pay and price inflation. Forecasting the likely ongoing impact of COVID-19 upon the council's expenditure, income and government funding levels added a further layer of complexity and uncertainty.

Unless the Council received additional government funding in the upcoming Comprehensive Spending Review (CSR), the financial outlook for the sector would continue to be extremely challenging for the foreseeable future, even more so in County Durham due to inequities in the Council Tax system.

There continued to be significant uncertainty in terms of the financial settlement for local government and how the available funding will be shared between local authorities through the funding formula from next year. The government announced that the upcoming CSR would be published on 27 October 2021 and cover the three-year period 2022/23 to 2024/25. Government had already indicated that there would be tough choices in relation to investment in public services, particularly in light of the huge budget deficit forecast the country faced as a result of COVID-19 and the ongoing impact of Brexit upon the economy.

It was expected that the outcome of the Fair Funding Review (FFR), including the move to 75% Business Rate Retention would be delayed with no expectation of implementation until at least 2023/24, adding a further layer of uncertainty and complexity to medium term financial planning.

A significant added uncertainty would be the impact of the introduction of the Health and Social Care levy and the upcoming Social Care White Paper. This would significantly impact upon government grant, council expenditure and council income. It was hoped that the CSR may provide clarity in this regard but the impact upon the council was expected to be significant, with a risk of the council facing additional financial pressures arising from these reforms. It was uncertain whether the reforms would include additional Council Tax raising powers through further Adult Social Care precept raising powers beyond the flexibility provided in 2021/22 and 2022/23.

The lack of clarity in relation to the CSR, the FFR and social care was exacerbated by uncertainties in relation to future council tax referendum levels, future funding of the Improved Better Care Fund, short term funding provided to local authorities in 2021/22 for adult and children social care pressures, funding for the High Needs Special Educational Needs Dedicated Schools Grant and the ongoing impact of the pandemic upon council expenditure and income.

This level of uncertainty was making financial planning extremely difficult and required the council to be flexible and adaptable as it considers setting the 2022/23 budget and the medium term financial plan 2022/23 to 2025/26. Financial planning within the council would ensure that the council was well placed to react effectively to any outcome, however planning with such levels of uncertainty were not conducive to effective long-term decision making.

Planning remained on the basis that the council would lose a further £16 million of government funding over a five-year transition period as a result of the outcome of the CSR and the forecast FFR implementation in 2023/24. 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 £17.6 million of one-off funding received in 2021/22 for Adult and Children's social care pressures will continue a recurrent basis.

No assumption had been made in relation to the financial impact upon the council of the Health and Social Care levy and the attendant Social Care Command Paper. The impact would need to be fully assessed upon publication of the CSR the detail of the white paper. The cost of the increases to employer's national insurance for the council have been factored into the forecasts, offset by receipt of Government grant, in line with the announcements made on 7 September 2021.

The forecasts factored in an assumed annual increase in Council Tax of 1.99% and that in 2022/23 the application of a further 2% Adult Social Care precept, taking the balance of the 3% tax raising capacity through the precept that was provided across 2021/22 and 2022/23. Final proposals on council tax increases for 2023/23 would need to be considered and approved at Full Council on 23 February 2022. The forecast increases factored into the MTFP12 model were in line with Government expectations and were key components of the Governments spending power calculations.

No long-term financial impacts from COVID-19, other than a short-term depression in tax base increases, had yet to be factored into forecasts. This applied to both any increased cost pressures (we continue to experience budget pressures in waste management because of waste tonnages collected not yet returning to pre-covid levels for example) and loss of income (we continue to face reduced income from use of leisure and cultural assets for instance). This position would be kept under continual review and assumptions would be amended if it became apparent that there would be a financial impact in 2022/23.

In line with previous practice and further to the initial update report provided in July, the MTFP financial forecasts had been reviewed. The updated position included a range of budget pressures that were not factored into the previous report and revised assumptions on the council's resource base. The updated forecasts contained in the report indicated that savings of £47.156 million would be required to balance the budget over the 2022/23 to 2025/26 period. This would be a net increase of circa £2 million compared to the position reported previously. Savings were forecast to be required in all years of MTFP(12) as unavoidable budget pressures and the impact of funding reductions continued to outstrip the council's ability to generate additional income from business rates and council tax.

The council suffered from low house values and therefore a low tax base and low tax raising capacity as a result. Annual pay and price inflation alone outstripped the additional revenues that could be generated from annual

council tax increases in line with the referendum limits imposed by government.

The achievement of an additional £47.156 million of savings over the next four years would undoubtedly be extremely challenging, more so given the level of savings already made. The emphasis since 2011/12 had been to minimise savings from front line services by protecting them wherever possible whilst maximising savings in management and support functions and by generating additional income. The opportunity for further savings in these areas is becoming much more difficult after the delivery of £247 million of savings up to 31 March 2022.

The total savings required at this stage for 2022/23 to balance the budget amounted to £7.344 million. A sum of £1.502 million of savings already agreed in MTFP(11) would be available in 2022/23. This currently left a savings shortfall of £5.842 million to balance the budget next year and £45.654 million in total across the next four years.

Additional savings plans were being developed to enable the council to be able to react to the outcome of the 2022/23 local government finance settlement, which is expected in December 2021 being very much influenced by the CSR. If required, the council could utilise the Budget Support Reserve (BSR) to assist in balancing the budget in 2022/23. The current balance on the BSR, after utilising £3.778 million to balance the 2021/22 budget, stood at £12.6 million.

To enable the council to be able to set a balanced budget for 2022/23, a range of options would need to be considered including additional savings and utilisation of the BSR. The level of savings shortfall would be influenced by the local government settlement and the ongoing impact of emerging base budget pressures. Careful consideration of any ongoing financial impacts for the pandemic will need to be considered further in future reports.

A base budget review across Adult and Health Services (AHS) and Children and Young People's Services (CYPS) had been concluded, with proposals outlined in the report to permanently transfer £4.5 million of budget from AHS to CYPS to help offset spending pressures in the children's looked after placement budgets and alleviate the need for further growth to be included in the MTFP forecasts next year.

Based on best practice developed over previous consultations, consultation would take place using the existing County Durham Partnership networks during October and November. The primary focus of the consultation would be on the 14 AAP Boards who would be asked to comment on the overall approach which was set out in the report.

Decision

We agreed to the in-year transfer of £4.5 million of revenue budget from Adult and Health Services to Children and Young Peoples Services, with this transfer being built into the base budget for 2021/22 onwards. We also agreed the approach outlined for consultation on the 2022/23 budget and MTFP(12).

We noted:

- (a) that at this stage no long-term financial impact from the pandemic have been factored into the financial forecasts, but that this position will be kept under review;
- (b) the requirement for savings of £47.156 million for the period 2022/23 to 2025/26;
- (c) the £1.502 million of savings for 2022/23 previously agreed in MTFP(11);
- (d) that there is a forecast £45.654 million savings shortfall across MTFP(12), although this forecast could change significantly based upon outcomes of the Comprehensive Spending Review, the local government finance settlement and after addressing future base budget pressures being faced by the council especially resulting from COVID-19;
- (e) the additional uncertainty introduced by government announcements in relation to the Health and Social Care levy and the upcoming Social Care white paper;
- (f) that in addition to the already agreed £1.502 million of savings further savings of £5.842 million are forecast to be required to balance the 2022/23 budget; and
- (g) agree the approach outlined for consultation on the 2022/23 budget and MTFP(12);

2 Local Cycling and Walking Infrastructure Plan Cabinet Portfolio Holder – Councillor Elizabeth Scott Contacts: Victoria Lloyd-Gent 03000 265311 and Dave Wafer 03000 63577

We considered a report of the Corporate Director of Regeneration, Economy and Growth which sought approval to formally adopt the first three Local Cycling and Walking Infrastructure Plans (LCWIPs) for Chester-le-Street, Durham City and Newton Aycliffe.

The previously adopted County Durham's Strategic Cycling and Walking Delivery Plan 2019-2029 set out the Council's commitment to produce Local Infrastructure plans in 12 main towns.

Local Cycling and Walking Infrastructure Plans (LCWIPs) are evidence-based strategic approaches to identifying cycling and walking improvements required to facilitate increased active travel for everyday journeys. The Government's Cycling and Walking Investment Strategy (2017) recommends that local authorities prepare LCWIPs and County Durham's Strategic Cycling and Walking Delivery Plan 2019-2029 sets out the Council's commitment to producing the plans.

LCWIPs represent a robust approach for prioritising investment in walking and cycling infrastructure in the short, medium and long term and support the County Council with making the case for future funding, particularly as the Government was prioritising funding for authorities which had developed such plans. LCWIPs for Chester-le-Street, Durham City and Newton Aycliffe are the first of 12 which the Council has committed to producing in the County Council's Strategic Cycling and Walking Delivery Plan (SCWDP).

LCWIPs form an important part of the overall work to encourage active travel. Across the County, the Council was delivering on many infrastructure schemes, projects, campaigns and initiatives to enable and encourage more people to walk and cycle as an active mode of transport both as part of a long-term approach (Strategic Cycling and Walking Delivery Plan 2019-2029) and in response to new opportunities and funding bids developed by us and through partnership working. These included short, medium and long term schemes and projects such as local path improvements to large scale schemes i.e. the Great North Cycleway, the ongoing Local Transport Plan implementation programme, Transforming Cities Fund schemes, DfT's Active Travel Fund schemes in and around Durham City and Newton Aycliffe developed in response to the pandemic, Capability Fund, DfT 3 and 4 (National Cycling Networks 1 and 14), Towns and Villages walking and cycling programme, Travel Plans, Borrow a Bike and Love to Ride.

LCWIPs support the Council's ambitions to develop broader active travel work across the County and would tie in wherever possible to other planned schemes, upcoming schemes and opportunities. In terms of funding, the LCWIP process and adoption had recently become a prerequisite for bidding into national and regional funding opportunities.

The key outputs of a LCWIP included local walking and cycling network plans, a prioritised programme of improvements and an underpinning technical report. These plans would be an essential component in attracting future national funding for the delivery of walking and cycling infrastructure but did not exclude projects outside of the plans from coming forward.

The LCWIPs were to be embedded across the County Council's services supporting transport, environment, health, leisure and planning agendas.

Following the drafting of the first three draft LCWIPs, the Council had secured funding from the Government's Active Travel Capability Fund to continue the work across nine more towns (Shildon, Spennymoor, Seaham, Peterlee, Barnard Castle, Bishop Auckland, Stanley, Crook and Consett) and develop an LCWIP lite methodology for smaller settlements and the walking and cycling routes five miles to/from Durham City. It was intended for all remaining LCWIPs to be completed in the next 12 months.

A bid had also been submitted for the Department for Transport's Active Travel Fund 2021/22 Capital funding, strongly supported by the Durham City LCWIP.

Decision

We approved the first three Local Cycling and Walking Infrastructure Plans (LCWIPs) for Chester-le-Street, Durham City and Newton Aycliffe.

3. Armed Forces Covenant Cabinet Portfolio Holder and Armed Forces Champion - Councillor Paul Sexton and Councillor Michael McGaun, Deputy Armed Forces Champion Contact – Ian Hunter-Smart 03000 263 595

We considered a report of the Corporate Director of Neighbourhoods and Climate Change which presented the refreshed Armed Forces Covenant for endorsement and agreement for signature at a formal covenant signing ceremony.

The Armed Forces Covenant is a promise by the nation ensuring that those who serve or who have served in the Armed Forces, and their families, are treated fairly, and will not be disadvantaged in accessing public services by their military service.

The Council endorsed the signing of an Armed Forces Community Covenant on 16th May 2012. The Armed Forces Community Covenant which was originally signed in 2012 no longer exists as a separate covenant and all organisations now sign a single Armed Forces Covenant document. Refreshing and re-signing a new Covenant demonstrated the Council's continuing commitment to supporting the Armed Forces Community in County Durham. It would also prepare the Council for applying to revalidate the MOD Employer Recognition Scheme Gold Award in 2023.

The report outlined the steps taken to be a supportive employer as well as providing support for and working in partnership with the Armed Forces Community in the county. The report included a refreshed Armed Forces Covenant for endorsement and informed Cabinet about proposed legislation in

relation to the Armed Forces Covenant and the potential implications for the Council.

Decision

We received and endorsed the Armed Forces Covenant and agreed that the Leader would sign the covenant at a formal signing ceremony.

4. The National Bus Strategy Enhanced Partnerships and Bus Service Improvement Plan update Cabinet Portfolio Holder – Councillor Elizabeth Scott Contact: Andy Leadbeater 03000 268512

We considered a report of the Corporate Director of Regeneration, Economy and Growth which advised of the role the County Council in responding to the Government's National Bus Strategy and associated activity for the process of implementing an Enhanced Partnership and Bus Service Improvement Plan for the region. The report set out the potential impact this may have in the County and it updated on progress to date, the commitment to ensure the best possible outcome for the County and advised on the timescale for the implementation of the Enhanced Partnership.

The National Bus Strategy (NBS) was launched during March 2021, setting out Government's vision for the future of bus services including the requirement for all Local Transport Authorities (LTA) to commit to working with bus operators to develop an Enhanced Partnership (EP). An EP was a statutory partnership between one or more LTAs and their local bus operators that set out how they would work together to deliver a Bus Service Improvement Plan (BSIP).

The BSIP would need to set out how current arrangements meet aspirations, and highlight what improvements were required to be delivered through the EP and the investment plans of LTAs and bus operators.

The Government expects Bus Service Improvement Plans to include:

- targets for journey times and reliability improvements,
- identify where bus priority measures are needed,
- set out pressures on the road network, air quality issues and carbon reduction targets which improved bus services could address; and
- drive improvements for passengers by:
 - setting targets for passenger growth and customer satisfaction;

- setting out plans and costs for fares, ticketing and modal integration;
- considering the impact of roadside infrastructure.

Whilst the responsibility and power to make an EP lies with the North East Joint Transport Committee (NEJTC), the County Council, while not the Local Transport Authority, had a key role to play in the process with both its delegated transport functions, as a Highway Authority and as well as being a constituted member of the NEJTC.

The publication of a BSIP is a key milestone in the process of development and implementation of an EP and it was key that this plan reflected the needs of people in County Durham. As an enabler to engagement, a 'Vision for Buses' document had been compiled collaboratively with North East bus operators and members of the NEJTC. This would provide evidence that engagement had been undertaken with the public and other key stakeholders. To extend this engagement, Local Bus Boards are also proposed, allowing local representatives to meet with bus representatives to increase understanding between the parties involved.

While detail of funding is pending further clarity from Central Government, it is anticipated that the BSIP will act as a bidding document to influence the share of the £3 billion of transformation funding the region will receive from Central Government.

Decision

We noted and endorsed:

- a) the role of the County Council within the Enhanced Partnership and Bus Service Improvement Plan process and the progress to date; and
- b) the commitment for the County Council to play a proactive role to ensure that the County receives the best possible deal from the potential funding settlement.

5. Greenfield Community College – Future Options Cabinet Portfolio Holder – Councillor Ted Henderson Contact: Phil Hodgson 03000 265842

We considered a report of the Corporate Director of Children and Young People's Services which presented future options for the provision of education at Greenfield Community College in order that a solution is found to the current challenges in sufficiency, building conditions, and impact of the split site model on the breadth and quality of the curriculum for children.

Following an Ofsted inspection judgement of 'inadequate', Sunnydale School in Shildon was amalgamated with Greenfield School, Newton Aycliffe. Greenfield School was enlarged from 1 January 2015, becoming Greenfield Community College. and Sunnydale was no longer a separate school from 31 December 2014.

These schools were 2.2 miles apart and prior to the reorganisation, had already been working together in an educational trust. At the time of the Ofsted inspection in 2014 there were also significant sustainability issues for Sunnydale school with only 405 pupils attending the school. Education delivery across a split-site took place until January 2020 whereupon health and safety concerns forced the temporary closure of the Sunnydale site. At this point all pupils were safely accommodated on the Greenfield site, with temporary additional accommodation provided.

The establishment of a single school operating on a split-site model in 2015 did not address the underlying challenges evident before the amalgamation. Pupil numbers have continued to fall as education standards have declined with challenge from both DfE and Ofsted. As a result the school has faced financial challenges compounded by the long standing site issues.

Future options need to address the systemic issues with the split site model of provision that compromised the delivery of a broad and balanced curriculum. In addition, the very poor condition of the Sunnydale site has created a situation that must be resolved by considering long term options for improved educational provision for children.

Parental choice has favoured schools other than Greenfield Community College in recent years. That has led to pupils from Shildon increasingly attending schools in nearby Bishop Auckland. The growth of the nearby University Technical College (UTC) South Durham in Newton Aycliffe has also affected pupil numbers.

This trend has further reduced pupil numbers at Greenfield Community College below the minimum recommended by the Department for Education for a financially viable school across two sites. Repeated Ofsted inspections and Department for Education (DfE) advisers have identified that the split-site arrangement inhibit educational improvement and progress. Notwithstanding this, there is a desire within the Shildon community to retain secondary provision in the town.

Any consideration of future provision and potential pupil numbers needs to take into consideration the close proximity of the number of secondary schools within a 'normal' travel to learn distance of the two sites.

The report considered the following four options:

- carry out remedial work on both sites; resume split-site education;
- build a new replacement school on a new site;
- build a new replacement school on one of the existing sites (i.e.: Sunnydale or Aycliffe) and dispose of the other site;
- make the current temporary arrangements permanent - rebuild the Aycliffe site, to accommodate all pupils in improved educational facilities; and consult on closure of the Sunnydale site.

The report recommended the option to make the temporary arrangements permanent and consult on closure of the Sunnydale site (Option 4). This was the most compelling and viable in terms of all factors – enhanced standards, minimal disruption to learning, improvement of accommodation and cost-efficiency. All options were thoroughly explored in the report. None of the options considered in the report impact on the long-term future of the adjacent Leisure Centre for which plans are being progressed through the Leisure Transformation programme (see Cabinet report for 29th September 2021). That report indicates the Council’s commitment to sustain and improve the leisure facilities in Shildon.

Following approval of the recommended option, a public consultation process on the closure of the Sunnydale site was required. The report set out a provisional timeframe for the consultation.

Decision

We agreed:

- (a) that Option 4, as presented in this report, is the most appropriate and sustainable way to improve the educational provision for the children and young people in the communities served Greenfield Community College;
- (b) to commence public consultation on the closure of the Sunnydale site of Greenfield Community College in line with the statutory consultation process outlined in paragraph 98 of the report;
- (c) to seek funding for the rebuild of the Aycliffe site either through the National Schools Rebuilding Programme or the Council’s Medium Term Financial Plan.

**6. Consideration of an Ecological Emergency in County Durham
Cabinet Portfolio Holder – Councillor Mark Wilkes
Contact - Alan Patrickson 03000 268165**

We considered a report of the Corporate Director of Regeneration, Economy and Growth which considered the establishment of a working group to investigate the merits and consequences of Durham County Council declaring an ecological emergency, including the evidence base for the decision at a local level and the expected outcomes.

In March 2019, Durham County Council declared a climate emergency and quickly prepared an emergency response plan this plan continues to evolve and develop as the council focuses on its carbon commitment targets. Climate change can overwhelm the capacity of ecosystems to mitigate extreme events and disturbance, such as wildfires, floods, and drought.

A recent report from the House of Commons Environmental Audit Committee concluded that since 1970 there has been a 68% decrease in population sizes of mammals, birds, amphibians, reptiles, and fish across the globe and in the UK 15% of species are threatened with extinction. It also noted that of the G7 countries, the UK has the lowest level of biodiversity remaining and that to reverse the trend of biodiversity loss requires urgent transformative change. The global loss of wildlife habitat, the reduction in a wide range of species of both flora and fauna is of considerable concern to such an extent that it may be considered an emergency situation alongside the changes to the world's climate.

County Durham has a complex history with regard to wildlife and habitat. Once the home of mining and other heavy industry, which left a legacy of contamination and landscape degradation, the county has seen significant restoration over recent decades improving habitat, and land, water and air quality.

This work continues both through the activities of the Council and others. The North Pennine uplands and the Durham Coast and associated Magnesian Limestone grasslands, in particular support rare and threatened species and both have been the subject of considerable conservation effort. This positive progress over decades must be set against the continuing pressures placed on the natural landscape from development and other human activity.

On 22 September 2021, at a meeting of the County Council, a question was raised seeking Cabinet's view on the declaration of an ecological emergency in County Durham. Arguments were presented for both declaring an ecological emergency and preparing ecological emergency response plan in parallel to the existing climate emergency response plan, which itself will be refreshed in 2022.

In response to the question the Portfolio Holder for Neighbourhoods and Climate change committed to bring forward a cabinet report recommending the establishment a working group to make a thorough assessment of the issues pertaining to an ecological emergency declaration particularly in the context of County Durham, including a thorough analysis of the evidence and data available through the work of the Council and others, including ongoing work by the Environment and Climate Change Partnership, alongside as assessment of the potential outcomes of such an initiative.

Decision

We recognised the national and international decline in natural habitats and species and agreed to make a request to the Chairs of Scrutiny that this work be included as part of the scrutiny work programme and that a working group is established to examine the evidence base relating to the decline in natural habitats in County Durham.

We agreed to make an additional request that an initial report to come to Cabinet on the findings of the working group referred to in (b) above within 6 months.

7. Director of Public Health Annual Report 2021 Cabinet Portfolio Holder – Councillor Paul Sexton Contact – Amanda Healy

We considered a joint report of the Corporate Director of Adult and Health Services and the Director of Public Health which presented the Annual report of the Director of Public Health for County Durham.

Under the National Health Service Act 2006, one of the statutory requirements of the Director of Public Health is to produce an annual report about the health of the local population.

The local authority has a duty to publish the report. The government has not specified what the annual report might contain and has made it clear that this is a decision for individual Directors of Public Health to determine.

The DPH annual report for 2021 focuses on the following:

- Foreword
- Health and wellbeing across County Durham
- Approach to wellbeing
- County Durham – our health roadmap
- COVID-19 – response and recovery
- Update on strategic priorities

- Specific focus on 3 remaining strategic priorities:
 - Promoting positive behaviours
 - High quality drug and alcohol services
 - Better quality of life through integrated health and care services
- Revisiting the Taylors with a focus on real life case studies
- Update on recommendations from 2020
- A set of recommendations for 2021 based on the three priority areas of focus.

Decision

We received the 2021 annual report of the Director of Public Health, County Durham and agreed to the publication of the annual report.

8. Council Tax Base 2022/23 and Forecast Deficit on the Council Tax Collection Fund at 31 March 2022 [Key Decision: COPR/R/21/03] Cabinet Portfolio Holder – Councillor Richard Bell Contact – Jeff Garfoot

We considered a report of the Corporate Director of Resources which determined the council's tax base for domestic properties liable to pay council tax, which is an important component in the council's budget setting process for 2022/23 and to report on the estimated collection fund deficit at 31 March 2022.

Regulations made under the Local Government Finance Act 1992 required each billing authority to calculate its 'council tax base' for the following financial year. The council tax base is a measure of the county council's 'taxable capacity', for the purpose of setting its council tax. Legislation required the council to set out the formula for that calculation and that the Cabinet formally approve the tax base.

In determining the council tax base for 2022/23 the following issues must be factored into the calculation:

- (a) The impact of exemptions and discounts being applied to properties within County Durham;
- (b) Forecast impact on the tax base as a result of changes in the incidence of Local Council Tax Reduction Scheme (LCTRS) claims, which is a discount rather than a benefit payment and therefore reduces the tax base;
- (c) Forecast impact on the tax base as a result of the changes made to the Long-Term Empty (LTE) property council tax premium, offset by estimated impact of the section 13A(1)(c) policy;

- (d) Forecast impact on the tax base as a result of growth (i.e. new build) or reductions (e.g. demolitions or increases in the incidence of other council tax discounts and exemptions) for 2022/23; and
- (e) Provision for non-collection of council tax due to bad debts that need to be written off.

COVID-19 continued to make it difficult to accurately forecast the tax base with the pandemic having a significant continuing impact on the local economy. LCTRS caseloads had almost returned to pre-pandemic levels. There were now slightly fewer households in receipt of LCTRS overall than there were in February 2020 before the first national lockdown; around 56,300 compared to 56,800. Around 1,000 additional working age households were receiving help with their council tax compared with pre-pandemic levels, although this number was gradually reducing. This higher level of working age claims was offset, by a circa 1,400 reduction in pension age households receiving LCTRS, which reflected a long-term national trend for this age group. Concerns remained that the removal of the furlough scheme from October 2021 may lead to a further new rise in working age LCTRS applications.

New house building had continued throughout the pandemic period, though not quite at the rate that would have been expected previously, however, there was still a steady stream of new properties being added to the rating list, expected to continue into 2022/23.

Taking all these matters into account the council tax base for the financial year 2022/23, based on the current position and prudent assumptions around the incidence of discounts and exemptions across the coming eighteen months plus prospects for new builds, had been calculated to be 143,695.8 band D equivalent properties, an increase of 2,072.6 (1.46%) on the council tax base for 2021/22.

The council usually declared its council tax collection fund position for budget setting purposes based on the quarter two Collection Fund forecast and informs the two principal precepting bodies to the Collection Fund, the County Durham and Darlington Fire and Rescue Authority and Durham Police and Crime Commissioner of the figures they would need to consider next year. Regulations changed for 2020/21, whilst previously the shares of the declared Collection Fund Surplus or Deficit would need to be absorbed by the relevant bodies in the following year, the Government amended the regulations to allow this pressure to be spread over three years. As such, one third of the declared deficit for 2020/21 of £5.720 million will be included in the Collection Fund Surplus or Deficit in years 2021/22 to 2023/24 (£1.907 million per year).

At 30 September 2021, the in-year position for the council tax collection fund was forecasted at £0.558 million surplus. After taking into account the brought

forward share of the 2020/21 deficit, the 2021/22 council tax collection fund was forecasted to have a deficit of £5.090 million at 31 March 2022. Durham County Council's share of this deficit would be £4.292 million. The council would not however be declaring a final forecast outturn position on the council tax collection fund until later in the year.

Decision

We approved the council tax base for the financial year 2022/23 for the county, which has been calculated to be 143,695.8 band D equivalent properties.

We noted the impact on individual Town and Parish council tax bases and the Local Council Tax Reduction Scheme grant allocations for the financial year 2022/23 and the forecasted council tax Collection Fund position at 31 March 2022, which will be updated and formally declared in January.

**9. Local Council Tax Reduction Scheme Support Payments [Key Decision: CORP/R/21/05]
Cabinet Portfolio Holders – Councillor R Bell and Councillor A Shield
Contacts: Paul Darby 03000 261 930 and Mary Readman 03000 268 161**

We considered a report of the Corporate Director of Resources which provided an update on the Local Council Tax Support Payments awarded in 2020/21, funded through the Government's Covid 19 Hardship Funding and in 2021/22 through the Government's Local Council Tax Support Scheme funding.

These additional payments offered further financial support to the most vulnerable households affected by the pandemic. Within Durham these "top up" payments enhanced support already provided through Durham's Local Council Tax Reduction Scheme (LCTRS) which continued to offer the same level of support to all claimants as was available under the former Council Tax Benefit scheme. By utilising the Hardship Fund in this way, to make additional direct awards to LCTRS working age claimants, this enabled support to continue to be provided to those low-income families most significantly impacted by challenges arising from the pandemic, recent changes to welfare provision and from current economic conditions.

This report also provided information on the current and forecast expenditure against the Covid-19 Hardship Fund and the Local Council Tax Support Scheme Grant. Approval was also sought for the allocation of the remaining Covid-19 Hardship/Local Council Tax Support Scheme Funding to continue to provide support, through the additional awards, on a tapered basis, to

vulnerable residents during 2022/23 and 2023/24, through the recovery from the pandemic.

The Council's Local Council Tax Reduction Scheme (LCTRS) provided support to reduce the Council Tax liability for low-income households. Durham's scheme continues to offer the same level of support to all claimants as was available under the former Council Tax Benefit scheme. National research confirms that there is a clear correlation between caps on the amount of LCTRS support provided and lower council tax collection rates. Full Council agreed in October 2021 to extend the current LCTRS scheme in its current form, into 2022/23.

County Durham currently had 56,328 LCTRS claimants, of which 21,117 (37%) were pensioners and 35,211 (63%) of working age. Almost 80% of all working age claimants currently received 100% LCTRS discount, with LCTRS support forecasted to be circa £62m in 2022/23. There were circa 19,300 LCTR claimants receiving UC, almost 55% of the working age LCTR caseload.

The coronavirus pandemic has had a significant impact on the LCTRS working age caseload in particular, which increased dramatically in the first quarter of 2020/21 as an unprecedented number of new claims were received from working age customers adversely affected by Covid-19. At the peak in May 2020 the working age LCTRS caseload was almost 3,000 higher than in January 2020 and remains around 1,000 higher than pre-pandemic levels.

In March 2020 the Government announced a Covid 19 Hardship Fund, from which Durham was allocated £6,964,443, to provide additional support to economically vulnerable people and households during the Covid-19 pandemic. The Government announced that it was their 'strong expectation' that the funding would be used to give all working age LCTRS recipients a further reduction in their 2020/21 council tax bill of £150, or a reduction of their liability to nil if their liability was already below £150 after LCTR. This was based on an assumption (as is the case in most other authorities) that the level of support a working age claimant could receive was capped and all working age claimants were required to contribute in some way to their council tax liabilities.

The Council adopted a policy which provided an enhanced scheme, offering an additional reduction of up to £300 where the working age claimant was left with a bill to pay after their entitlement to LCTRS support was calculated. This was affordable in Durham as our LCTRS does not have a minimum payment level, and as a result 80% of our residents were already receiving 100% LCTR and had no council tax to pay.

To ensure that the Covid-19 hardship funding was fully used to provide further support to the most vulnerable in the county, £1m of the grant received was set aside to supplement the council's Welfare Assistance Scheme in the coming year, aimed at anti-poverty and community resilience measures.

In November 2020, as part of the Spending Review, the Government announced a further fund intended to be used to cover the continuing increased costs of Council Tax Support into 2021/22. Durham received £7,043,299 from this Local Council Tax Support Scheme Grant and it was agreed that this funding would be used to extend the additional reductions of up to £300 to working age LCTR claimants during 2021/22 at an estimated cost of £3.9m. In addition to this, £1.4m of the funding was also allocated to the Area Action partnerships (AAP's) to support local welfare projects across the county. Each AAP being allocated £100,000.

It is estimated that by the end of 2021/22, after administering these additional payments to support the reduction of council tax bills by up to £300 for working age residents receiving LCTR in 2020/21 and 2021/22, the council will have committed just over £8m of the funding from both allocations to support these payments.

There are a number of factors which continue to impact household income; particularly for those more vulnerable, low income, households. These factors include the ongoing impact of the Covid 19 pandemic; the withdrawal of the £20 per week Universal Credit uplift; increasing energy costs; the cessation of mortgage holidays; the resumption of formal recovery action in relation to household bills and rent and the re-consideration of benefit claims by the Department of Work and Pensions. Consideration therefore needs to be given to providing ongoing support in relation to Council Tax liability for those more vulnerable households in 2022/23 and 2023/24.

In guidance published by the Department for Levelling Up, Housing and Communities (DLUHC), the Government have made it clear that the second round of funding, the Local Council Tax Support Scheme Grant, was intended, to be specifically used for support with council tax. The policy paper explains that the 'funding is unringfenced but is provided towards expenditure incurred, or to be incurred, in respect of the provision of local council tax support in 2021/22'. The Council has taken the approach to use this funding to make direct awards in terms of "top up" support for those claiming Council Tax Reduction, to directly reduce the financial pressure on low income households across the county. The Council also continues to fund a range of other support mechanisms for households in financial difficulty and has determined to not use this funding to cover the increased cost of their main LCTRS as a result of the pandemic, as many Councils have.

Given the requirements of the second round of funding and in order to continue to provide additional support for working age recipients of the Council Tax Reduction Scheme over the next two financial years, it is recommended that the remaining Covid-19 hardship/Local Council Tax Reduction Scheme funding is used to continue to offer the additional support to working age LCTRS recipients of up to £150 in 2022/23 and up to £75 during 2023/24. The estimated cost of this would be £2.3m in 2022/23 and £1.2m for 2023/24.

When the previous allocations to the AAPs and to the Welfare Assistance Scheme from this grant are factored in, the forecast costs of these proposals are to spend the grant funding in full.

If approved, these additional awards will enable the county's more vulnerable households to continue to receive support as their income continues to be affected by the restrictions put into place to control the virus and through the ongoing pressures on their finances as we move towards recovery as other support measures put in place during the pandemic are withdrawn. The extension of the additional support also allows it to be tapered to enable households to adjust to the reinstatement of their usual Council Tax liability from April 2024. It will be important therefore that we clearly communicate this to households in receipt of the awards so that residents understand the additional support being offered will remain in place until there is a return to the normal arrangements for the collection of Council Tax liability in 2024/25.

Decision

We agreed to ensure full use of the Covid-19 Hardship Fund/Local Council Tax Support Grant allocations to support vulnerable residents experiencing financial difficulty by extending the existing top up arrangements into 2022/23 and 2023/24, making a maximum additional payment of up to £150 to eligible residents in receipt of Council Tax Reduction in 2022/23 and up to £75 in 2023/24.

10. County Playing Pitch Strategy Cabinet Portfolio Holder – Councillor James Rowlandson Contacts: Nigel Douthwaite 07500 604678 and Su Lewis 07753 779906

We considered a report of the Corporate Director of Regeneration, Economy and Growth which sought approval for the adoption of Durham's Playing Pitch Strategy 2021-2035.

Durham County Council completed a Playing Pitch Strategy (PPS) in 2021, the primary purpose of which was to provide a strategic framework to ensure

that provision of playing pitch facilities meets the local needs of existing and future residents.

This is necessary to protect playing pitches against development pressures, to identify future pitch demand issues in relation to predicted population changes and specific sports development pressures. It also assists when considering future budgets. .

Demographic forecasts, consultation with stakeholders, sports clubs and team data are gathered to provide an evidence base for planning decisions to support the County Durham Local Plan policies in relation to formal recreation. It is a key component when Sport England, as a statutory consultee, are asked for their view on planning applications. Sport England require the PPS to be formally adopted by the Council. This evidence is continually refreshed as developments are realised, new developments come forward, club and team data changes and so on, ensuring the strategy remains relevant throughout its lifecycle.

The strategy provides robust evidence that is capable of being scrutinised through examination whilst meeting the requirements of the National Planning Policy Framework (NPPF). One of the core planning principles of the NPPF is to improve health, social and cultural wellbeing for all and deliver sufficient community and cultural facilities and services to meet local needs. Section 8 of the NPPF deals specifically with the topic of healthy communities; the report also discusses the importance of access to high quality open spaces and opportunities for sport and recreation that can make an important contribution to the health and well-being of communities.

The report detailed the background, scope, consultation, and summary findings contained within the County Playing Pitch Strategy. It also considered future monitoring/maintenance of the strategy and associated consultation data, together with a copy of the database which has been circulated to National Governing Bodies and key stakeholders in February this year, to confirm that data remained up to date as previously mentioned. The Playing Pitch Strategy will complement the Leisure Centre Transformation programme informing the outdoor sport elements as well as the wider leisure framework.

Decision

We adopted the Playing Pitch Strategy and the principles applied to Durham County Council's current and future provision of sports pitches/facilities and recognise its links to the County Durham Plan.

We also:

- (a) approved the suggested mechanisms and governance structure for delivery of the main strategy recommendations, and for ensuring that team and population data remain up to date throughout the strategy lifespan;
- (b) agreed the principles of inclusive prioritisation criteria detailed in this report, and the associated process (triage) for dealing with new projects as they come forward;
- (c) supported a programme of strategic investment to deliver the PPS through developer Section 106 contributions, external sports funding and DCC's Capital Programme;
- (d) supported a financial commitment to the improved maintenance of existing, and new pitches/facilities through a combination of uplifted revenue budgets, reallocated revenue and commuted sums from developers to ensure benefits of capital investment are not lost.

**11. Forecast of Revenue and Capital Outturn 2021/22
Period to 30 September 2021 and Update on Progress towards
achieving MTFP(11) savings
Cabinet Portfolio Holder – Councillor Richard Bell
Contact – Jeff Garfoot**

We considered a report of the Corporate Director of Resources which provided updated information on the:

- a) forecast revenue and capital outturn for 2021/22, based on the position to 30 September 2021;
- b) forecast for the council tax and business rates collection fund position at 31 March 2022, based on the position to 30 September 2021; and
- c) forecast use of and contributions to earmarked, cash limit and general reserves in 2021/22 and the estimated balances to be held at 31 March 2022.

The report sought approval of the revised capital programme, other budget adjustments and proposed sums treated as outside of the cash limit in year and provided an update on progress towards achieving MTFP(12) savings in 2021/22.

Since the outbreak of COVID-19 last year, the council, its partners, local businesses and local communities had been working tirelessly to respond to the pandemic and to put plans in place for the restoration and recovery of services post-pandemic.

COVID-19 had a significant and complex financial impact in 2020/21, which had continued into 2021/22, making forecasting the council's outturn position more challenging than usual.

In addition to the general financial uncertainty during 2021/22, the longer-term financial impact of the pandemic beyond 2021 was also uncertain. The risk in this regard would be considered and assessed in future MTFP(12) Cabinet reports.

Since the outbreak of COVID-19, the council has had to implement national support schemes at short notice such as the various Business Rates Grants Support Scheme(s); the Council Tax Hardship Support Schemes; Test and Trace Payments; the Winter Support Payments Scheme; COVID-19 Local Support Scheme; Infection Control Schemes and Contain Outbreak Management Schemes. In addition, the council has implemented a range of supplier relief schemes and addressed increased demand for support to vulnerable households whilst trying to accommodate new ways of working itself in response to the pandemic.

At this stage of the year it is forecast that there will be a small net in year surplus on the collection fund for the council of £0.879 million after taking into account Section 31 grant receivable. Taking into account the brought forward position from 2020/21 and including the phasing of collection fund deficits over three years there is a total forecast deficit on the collection fund of £0.963 million. This situation will be kept under close review throughout the year especially in relation to collection rates as the public and businesses recover from the impact of the pandemic.

The government had provided non ringfenced funding to local authorities in the current year for the additional costs incurred as a result of COVID-19. The funding allocated to the council for 2021/22 is £15.56 million.

In addition, the government had also extended the Sales, Fees and Charges Income Guarantee Scheme for three months to 30 June 2021. This scheme required local authorities to bear the first 5% of any qualifying income loss after which the government will provide a grant for 75% of subsequent losses. The council had submitted a claim for circa £1.6 million from the scheme for 2021/22.

Based on the position to 30 September 2021 service groupings are forecasting a net overspend of £11.778 million before any adjustment for COVID-19 related items. This net overspend position mainly arises from additional expenditure and loss of income associated with the COVID-19 outbreak of £24.182 million, offset by COVID-19 related underspends (relating to closure of facilities and disruption to normal service activity as a result of the pandemic) of £7.528 million – giving a net COVID-19 related position of a £16.654 million overspend. When this is excluded there is a forecast cash limit underspend of £4.876 million across all service groupings.

The forecast COVID-19 overspending across the various service groupings would be fully offset by the circa £17.2 million the council expected to receive

from the government to cover the financial impact of the pandemic. At this stage, net COVID-19 costs were £0.5 million below the grant funding the council expected to receive.

Overall it is estimated that the council's 2021/22 budget would be underspent by £8.427 million, representing 1.8% of the net expenditure budget of £468.139 million.

A wide range of assumptions had been made in relation to expenditure and income over the remainder of the financial year, with significant uncertainty regarding the ongoing impact of COVID-19 following the lifting restrictions at the beginning of quarter two.

A developing budget pressure related to hyper inflationary pressures in the energy markets. The additional costs associated with energy price uplifts could be managed within the general contingency budget, however, the position would need to be kept under review. A further risk related to pay inflation, where the trade unions had not accepted the employers 1.75% pay offer with a ballot for industrial action being taken. Broader inflationary pressures would need to continue to be managed within service cash limits.

Potentially, a range of interventions may be required by the council and ongoing impacts post pandemic that have not been quantified yet. The Cash Limit and General Reserves will potentially be required to meet any shortfall that ultimately arises in this regard whilst longer term strategies are implemented.

In terms of service grouping cash limits, the projected cash limit underspend of £4.876 million is around 1.04% of the cash limit budgets.

At quarter one, Children and Young People's Services were forecasting an overspend of £4.754 million whilst Adult and Health Services were forecasting an underspend of £3.886 million. On 15 September 2021, Cabinet agreed to a 2021/22 base budget transfer of £4.5 million from Adult and Health Services to Children and Young People's Services which would also be included in the base budget for 2022/23. The quarter two forecast of outturn, indicates a cash limit underspend of £2.35 million for AHS and a cash limit underspend of £1.6 million for CYPS after this budget transfer has been actioned.

In terms of sums outside the cash limit, there is a forecast underspend of £3.551 million. This position will be kept under careful review, especially in relation to additional costs and loss of income linked to the ongoing impact of COVID-19 and from any further inflationary pressures.

Total earmarked and cash limit reserves (excluding school reserves) are forecast to reduce by £36.559 million in 2021/22, from £245.532 million to

£208.973 million. The forecast at quarter one indicated that total earmarked and cash limit reserves (excluding school reserves) were forecast to reduce by £47.077 million in 2021/22, to £198.455 million.

The forecast cash limit and general reserves position is a prudent one given the significant financial uncertainties facing local government beyond 2021/22. The MTFP(12) report to Cabinet on 13 October 2021 highlighted ongoing budget concerns for the council with a forecast savings shortfall of £45.7 million over the 2022/23 to 2025/26 period, with the delivery of further savings becoming ever more challenging to achieve.

The projected capital outturn this year is £199.419 million, with the capital budgets having been augmented with reprofiled budget from underspending against the 2020/21 capital programme.

To the end of quarter two, the council has delivered savings totalling £4.476 million, which is 84% of the £5.312 million target for the year. By 31 March 2022, since 2011, the council will have delivered over £246 million in savings in order to balance its budgets.

Decision

We agreed the proposed 'sums outside the cash limit' for approval as set out in the report and agreed the revenue and capital budget adjustments outlined in the report.

We noted the:

- (a) council's overall financial position for 2021/22 and the continuing uncertainty associated with the outturn forecast resulting from the continuing impact of COVID-19 as set out in the report;
- (b) forecast use of earmarked reserves in year;
- (c) forecast end of year position for the cash limit and general reserves;
- (d) additional costs and income loss faced as a result of COVID-19 which is offset by additional grant funding provided by government;
- (e) emerging inflationary pressures which it is forecast can be managed within general contingencies and cash limit reserves;
- (f) position on the capital programme and the Collection Funds in respect of Council Tax and Business Rates; and
- (g) amount of savings delivered to 30 September 2021 against the 2021/22 targets and the total savings that will have been delivered since 2011.

12. Sniperley Park Masterplan
Cabinet Portfolio Holders: Councillors Elizabeth Scott and James Rowlandson
Contact: Councillor Mike Allum 03000 261906

We considered a report of the Corporate Director of Regeneration and Economic Development which sought agreement of the draft Sniperley masterplan for public consultation. The masterplan will guide approximately 1,700 new homes and associated infrastructure across the site on the edge of Durham City. Alongside the masterplan, a Healthy Active Travel Connectivity Plan had been prepared to illustrate the significant opportunities for active travel both within and surrounding the site.

The County Durham Plan allocated land at Sniperley Park, as a sustainable urban extension, to deliver 1,700 new homes along with associated services and facilities to create a vibrant and self-sustaining mixed community. The Plan also requires that the site is comprehensively master planned to ensure that all of the policy requirements could be met regardless of land ownership. The masterplan is a means to guide the future planning, design and development of the site as it moved towards delivery.

Owing to the strategic nature of the site, it was important that the proposed masterplan for Sniperley Park is clearly articulated with key stakeholders, residents, neighbouring communities and businesses within the area. A public consultation will be undertaken in order to seek views from interested parties from 29 November 2021 to 14 January 2022. All comments and suggestions raised as part of the consultation would be considered and amendments will be made to the masterplan, where relevant.

Decision

We agreed to the Sniperley masterplan and the Sniperley Healthy Active Travel Connectivity Plan consultation from 29 November 2021 to 14 January. We also agreed to delegate the power to make modifications and adopt the documents, following consultation, to the Corporate Director of Regeneration, Economy and Growth in consultation with the Portfolio Holders for Economic Regeneration and Partnerships and Resources, Investment and Assets.

13. Chester le Street, Newton Aycliffe, Peterlee, Stanley and Three Towns Masterplan and Durham City Framework
Cabinet Portfolio Holders: Councillors Elizabeth Scott and James Rowlandson
Contact: Councillor Mike Allum 03000 261906

We considered a Report of the Corporate Director of Regeneration, Economy and Growth which sought approval to commence consultation on a number of masterplans across County Durham.

The Council has previously prepared a number of masterplans and regeneration frameworks for the larger towns in the county, the most recent being the Chester-le-Street Masterplan adopted in 2019. Although this has always been a rolling programme, we have accelerated a number of new masterplans to support potential Levelling Up Fund (LUF) bids currently in preparation. Although a key driver for this round of masterplans is LUF they are being comprehensively prepared and therefore contain other projects and proposals that will either not be suitable for LUF or may ultimately be unsuccessful bids. This will ensure that these projects will be well placed to progress should other sources of funding be identified.

The masterplans identify current and future activities across the public and private sectors in order to provide a coordinated approach to delivery and maximise opportunities for funding. The consultation on the masterplans will enable local communities including residents, businesses and other stakeholders to have their say on the content of the masterplans, as well as putting forward their own ideas for consideration. Following consultation, amendments will be made in response to the comments made wherever possible.

Decision

We agreed the Chester-le-Street, Newton Aycliffe, Peterlee, Stanley and Three Towns masterplans and Durham City Framework for consultation from 29 November 2021 to 14 January 2022. We also agreed to delegate the power to make modifications and adopt the masterplans, following consultation, to the Corporate Director of Regeneration, Economy and Growth in consultation with the Portfolio Holders for Economic Regeneration and Partnerships and Resources, Investment and Assets.

**Councillor A Hopgood
Leader of the Council**

30 November 2021