

Cabinet

14 December 2011

Implications for Durham County Council of the Government's policy programme



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Purpose of the Report

- 1 On 14 September 2011, Cabinet considered the most recent report on the implications of the Coalition Government's policy programme. This report provides Cabinet with an update on the major policy developments and announcements since then and analyses the implications for the Council and County Durham.

Executive Summary

- 2 Since the summer recess, the Government has made a number of policy announcements, which progress its initial policy proposals set out in *The Coalition: our Programme for Government*, published in May 2010. In addition, a number of proposed pieces of legislation have been revised following further consultation and debate and consideration by Parliament.
- 3 The most significant announcements since the last report to Members relate to the following, outlined in more detail below.
 - Electoral reform;
 - Localism and planning reforms;
 - Housing strategy for England;
 - Open Public Services;
 - Transparency;
 - Local Government finance;
 - Education funding reform;
 - Feed-in tariffs;
 - NHS and public health reforms;
 - Police and public order.
- 4 Whilst there was a natural pause in the flow of policy announcements from Government during the recess, there has been little let-up in the on-going debate on the Government's reform agenda, particularly in relation to the NHS, welfare, the handling of the economy, and now planning reform, which has been subject of much debate since the draft proposals were published.
- 5 Analysis of Government policy, suggests common themes are transparency, choice, community empowerment and more diverse patterns of public service provision.

- 6 This is particularly evident in the Police and Social Responsibility Act, the Localism Act and the Open Public Services White Paper, which seek to empower citizens, decentralise from Whitehall and open up public services to a broader range of providers.
- 7 A number of the policy proposals have significant financial implications for the council, either directly, such as the incentive to freeze council tax for a further year or the freedom to determine our own scheme of council tax discounts for empty properties, or indirectly, such as the proposed reductions in the feed-in tariffs which provide incentives for energy efficiency schemes.
- 8 The proposed changes to electoral representation and arrangements would add a degree of complexity to the relationship between local governance and parliamentary representation in the county and the move to individual elector registration as proposed, runs the risk of reducing the number of people who are registered to vote. Apart from affecting the strength of local and national democracy, this will affect the quality of statistical analysis and planning as many researchers use the electoral register as a data source or sampling frame for research.
- 9 Clearly, the various policy changes will have major implications for the Council and the steps it is taking to develop an 'altogether better Durham'.
- 10 The Council and its partners are continuing to analyse the impact that Government policy will have on local communities and on our ability to deliver the sustainable community strategy and wherever possible, are working together to respond proactively to the Government's policy changes.
- 11 This has been reflected in the recent review of the operational arrangements of the County Durham Partnership to ensure that they remain fit-for-purpose.
- 12 Specifically, the Council proposes to undertake the following actions in light of ongoing policy announcements:
 - a) To monitor the progress of relevant legislation reporting to Members as required (all Corporate Directors);
 - b) To assess and respond to the consultation proposals relating to neighbourhood planning and Community Infrastructure Levy reforms (Corporate Director, Regeneration and Economic Development);
 - c) To assess and respond to consultations around the Government's new housing strategy for England (Corporate Director, Regeneration and Economic Development);
 - d) To review and revise the Council's ongoing action plan to ensure that it anticipates and complies with transparency regulations (Assistant Chief Executive);
 - e) To anticipate and consider local government finance reforms in the council's medium term financial plan and associated housing revenue account (Corporate Director, Resources and Corporate Director, Regeneration and Economic Development);

- f) To assess the implications of the Government's proposals for the funding of 16-19 years provision (Corporate Director, Children and Young People's Services);
 - g) To consider and prepare a response to the consultation on changes to the feed-in tariff (Corporate Director, Regeneration and Economic Development and Corporate Director, Resources);
 - h) To continue to monitor and report to Members on NHS and health and social care reform (Corporate Director, Adults, Wellbeing and Health);
 - i) To develop and implement an action plan for the election of a Police and Crime Commissioner in November 2012 and the establishment of a 'police and crime panel' (Corporate Director, Adults, Wellbeing and Health).
- 13 Members are recommended to note the contents of this report and agree the action being taken to anticipate and respond to the Government's policy reforms.

Background

- 14 Cabinet considered a report on 15 September 2010 on the emerging policy statements made by the Government. Initially, the most comprehensive policy statement was the *'The Coalition: our programme for government'* which set out the Government's proposals to tackle the deficit and transform the relationship between citizens and the state, under the watchwords, of 'freedom', 'fairness' and 'responsibility'.
- 15 Since then, the Government has published its Comprehensive Spending Review and a number of white papers and bills, which provide more detail on its policy proposals. These have been the subject of further reports to Cabinet on 2 November 2010, 26 January 2011, 25 May 2011 and 14 September 2011. Where necessary, further policy reports have been prepared on specific topics, such as the Localism Bill, changes to the NHS and health care and proposed reforms to the planning system.

Update

- 16 The summer recess caused a natural pause in the flow of policy announcements from Government, however there has been little let-up in the on-going debate in relation to its reform agenda, particularly in relation to the NHS, welfare, the handling of the economy and now planning reform.
- 17 The most significant policy announcements since the last report to Members in September 2011, relate to the following, which are outlined in more detail below:
- Electoral reform;
 - Localism and planning reforms;
 - Housing strategy for England;
 - Open Public Services;
 - Transparency;

- Local Government finance;
- Education funding reform;
- Feed-in Tariffs;
- NHS and public health reforms;
- Police and public order.

Electoral reform

- 18 On 15 September 2011, the Fixed Term Parliaments Bill received Royal Assent, heralding the introduction of five year fixed term parliaments and the end to the right of a prime minister to call a general election at a time of their choosing. Subject to provisions relating to the loss of a vote of confidence or a vote by a clear majority of MPs to dissolve parliament, the next general election will consequently be on 7 May 2015.
- 19 Associated with the move to fixed term parliaments and reflecting the size of the current legislative programme, the Government also announced that the current parliamentary session will run through to Spring 2012, which in effect postponed the Queen's Speech from November to early next year.
- 20 Alongside the parliamentary reform, on 18 September 2011 the Boundary Commission launched a consultation on proposed changes to parliamentary constituency boundaries, to come into effect at the time of the next general election. The consultation seeks views on the initial proposals to reduce the total number of constituencies in England from 533 to 502 and to ensure that each constituency contains a similar number of registered electors.
- 21 As reported to County Council on 26 October 2011, the Commission's initial proposals involve significant change to a number of the current parliamentary constituencies that cover the county and a reduction in the total number of constituencies administered by the Council from six to five. The proposals would create four constituencies wholly contained within the county and one constituency that would contain two wards from the county of Northumberland. In addition, parts of the county would be covered by a further constituency to be administered by Stockton-on-Tees Borough Council, which would also include wards from the borough of Darlington as well as Stockton-on-Tees.
- 22 In consultation with the Electoral Review Group, the Head of Legal and Democratic Services responded to the consultation on behalf of the Council.
- 23 In a further move to reform electoral processes, on 30 June 2011 the Cabinet Office published plans to speed up the introduction of individual elector registration, to be implemented by 2014, in time for the next general election.
- 24 Currently, electoral registration is undertaken at the household level, with a head of household responsible under statute for registering the details of all current and prospective electors within that household.
- 25 Under proposed legislation, which will be introduced to Parliament in the New Year, individuals would become responsible for registering themselves on a voluntary basis and providing identifying information to reduce the risk of electoral fraud.

Localism and planning reforms

26 As reported to Cabinet on 21 April 2011, the Localism Bill was presented to Parliament in December last year. Overall, the Government intended that the measures in the Bill would:

Provide new freedoms and flexibilities for local government:

- a) give local authorities everywhere the formal legal ability and greater confidence to get on with the job of responding to what local people want;
- b) cut red tape to enable councillors everywhere to play a full and active part in local life without fear of legal challenge;
- c) encourage a new generation of powerful leaders with the potential to raise the profile of English cities, strengthen local democracy and boost economic growth;
- d) reform the governance of London so that more power lies in the hands of elected representatives who are democratically accountable to London's citizens.

Provide new rights and powers for local communities:

- e) make it easier for local people to take over the amenities they love and keep them part of local life;
- f) ensure that local social enterprises, volunteers and community groups with a bright idea for improving local services get a chance to change how things are done;
- g) give people a new way to voice their opinions on any local issue close to their heart;
- h) enable local residents to call local authorities to account for the careful management of taxpayers' money.

Provide reform to make the planning system clearer, more democratic and more effective:

- i) place significantly more influence in the hands of local people over issues that make a big difference to their lives;
- j) provide appropriate support and recognition to communities who welcome new development;
- k) reduce red tape, making it easier for authorities to get on with the job of working with local people to draw up a vision for their area's future;
- l) reinforce the democratic nature of the planning system – passing power from bodies not directly answerable to the public, to democratically accountable Ministers.

Provide reform to ensure that decisions about housing are taken locally

- m) enable local authorities to make their own decisions to adapt housing provision to local needs, and make the system fairer and more effective
- n) give local authorities more control over the funding of social housing, helping them to plan for the long term
- o) give people who live in social housing new ways of holding their landlords to account, and make it easier for them to move

27 Since its first reading, the Bill has progressed through the House of Commons and House of Lords and received Royal Assent on 15 November 2011. Numerous amendments have been made to the original Bill including:

- a) strengthening the proposed provisions in the Bill relating to standards, so as to require councils to adopt a code of conduct, publish arrangements for investigating complaints about councillor conduct and involve an independent person in the investigation of complaints;
- b) removing provisions relating to the creation of 'shadow mayors' in cities where referenda are to be held on directly-elected mayors and removing the provisions which would enable an elected mayor to take on the role of council chief executive;
- c) enabling Ministers to devolve additional powers to eight 'core cities' (Birmingham, Bristol, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield) and other areas without the need for further primary legislation. It is envisaged that the powers would relate to the promotion of economic growth and may include housing, planning, economic development and the pooling of resources, alongside the area's local enterprise partnership;
- d) amending the provisions relating to the publication and approval of senior pay policies to include the publication of low pay statements and the differential between the highest and lowest paid posts;
- e) including an element of independent review of instances where Government seeks to delegate liability for European Union fines to local authorities and ruling out retrospective fines;
- f) excluding increases made by other levying bodies from the calculation of whether a council tax increase is excessive and therefore subject to a referendum. Increases arising from decisions which have already been subject to a referendum would also be excluded from the calculation;
- g) removing the provisions relating to community-led referenda;
- h) strengthening the duty on local authorities to cooperate on planning matters in order to compensate for the abolition of strategic regional planning;
- i) asserting the primacy of needing to support sustainable development in neighbourhood plans;
- j) broader definitions of neighbourhood fora in relation to neighbourhood planning, with the number of people constituting a neighbourhood forum increased from three to 21 and the introduction of 'business neighbourhoods' to enable local businesses to vote in neighbourhood planning referenda in local business districts or commercial areas;
- k) neighbourhood plans to include consultation statements outlining how people and interested parties will be involved in developing proposals;

- l) removing local authorities' discretion to define what constitutes 'land of community value' and to nominate and designate such land themselves;
- m) safeguards relating to the Community Infrastructure Levy to ensure that the requirement on developers to contribute does not compromise the economic viability of schemes;
- n) amended provisions relating to succession tenancies in housing;
- o) amended provisions on compulsory purchase orders (CPOs) to protect against disproportionate compensation;
- p) enabling any councillor to refer a matter to scrutiny and increasing the scope of scrutiny to hold partners to account for a broader range of issues that relate to the local authority area.

28 Although the Bill has now received Royal Assent, different parts of the Act will come into effect at different times, with many provisions subject to separate commencement orders which have yet to be made. The Government has said that it will publish by December 2011 its estimate of when the major provisions will take effect. At the time of writing, this information was still awaited. However, the Council is planning on the basis that many of the major provisions in the Act will come into effect in April 2012, including those relating to the general power of competence for local authorities, the community right to build and the reforms to planning, social housing tenure and council housing finance. .

29 On 1 November 2011, the Government launched a consultation on the powers that directly elected mayors should have, in the 12 cities where mayoral referenda are proposed. Local residents and stakeholders have been invited to suggest powers, in line with the principle of decentralisation and the envisaged role of directly elected mayors providing visible leadership, taking long term strategic decisions, coordinating and facilitating partnership working and acting as an ambassador and champion for the area in the wider world.

30 Alongside parliamentary consideration of the Bill, on 23 September 2011 the Government published its response to the Communities and Local Government Select Committee report on the Government's approach to localism, including the Localism Bill.

31 The Select Committee had expressed concern about what it saw as an '*inconsistent and incoherent*' approach to localism across Government, with departments tending to define localism as they choose as opposed to an agreed and common definition. As a result, the Committee concluded that the numerous reforms from different departments threaten to fragment rather than integrate the delivery of better public services at the local level.

32 The Committee also expressed concern about an apparent circumvention of local government in moves to decentralise power and Ministers' predilection for '*guided localism*'.

- 33 In response, the Government stated that its '*interpretation of localism is that power should belong at the lowest appropriate level. Depending on the activity or function in question, the lowest appropriate level may mean individual citizens, public service professionals, local neighbourhoods or local level institutions such as local authorities.*' The response went on to say that the lowest appropriate level for power '*will not always be local government*', but pointed towards the role of people's champion envisaged for local government in the Open Public Services White Paper as demonstration that the Government was not attempting to circumvent local government in policy reforms.
- 34 The Government also defended its stance on guided localism, arguing that empowering local government '*does not mean that ministers, as nationally elected politicians, should be denied the right to express their opinions on matters which affect public life*'.
- 35 The Government consultation on the draft National Planning Policy Framework closed on 17 October 2011. Cabinet considered the Council's response at its meeting of 14 October 2011 and we understand that the Government received over 14,000 responses to the consultation, which has attracted a great deal of media coverage and debate since the draft framework was published in July. The Government has said that it intends to publish the final version of the framework by no later than 31 March 2012.

Housing strategy for England

- 36 On 21 November 2011, the Government published *Laying the Foundations: A Housing Strategy for England* which outlined the action it proposes to take around four key aims:
- a) delivering new homes and supporting aspiration;
 - b) supporting choice and quality for tenants;
 - c) tackling empty homes;
 - d) providing better quality homes, places and housing support.
- 37 In addition to existing policy announcements such as the New Homes Bonus and the reforms contained within the Localism Act, new proposals include:
- a) mortgages of up to 95% of the value of new homes to be offered with Government underwriting part of the risk;
 - b) £400 million public fund to help developers 'unblock' stalled housing schemes;
 - c) Consultation on an increase in the value of discounts for social tenants who want to own their properties under 'right to buy';
 - d) more public sector land to be made available for building;
 - e) planning obligations on stalled projects to be reviewed;
 - f) up to £150 million to help bring empty housing back into use;

- g) consultation on 'pay to stay' proposals so households with high salaries pay higher (market) rents to remain in social housing.

Open Public Services

- 38 As reported to Members in September, on 11 July 2011, the Government published its *Open Public Services White Paper*, which sets out how it intends to reform and modernise public services in line with the principles of choice, decentralisation, diversity, fairness and accountability.
- 39 The White Paper outlined what steps the Government is already taking to pursue the agenda and set out further proposals for how it would reform the planning and delivery of what it defined as 'individual services', 'neighbourhood services' and larger scale 'commissioned services'.
- 40 It also signalled the Government's intention to consult on proposals for opening up public services over the summer. On 6 September 2011 a formal consultation was launched, as the culmination of a listening exercise which was concluded on 30 September 2011. The Assistant Chief Executive submitted a response to the listening exercise, in consultation with other service groupings and the Leader of the Council.
- 41 Since the White Paper was published, the Government has continued to introduce initiatives in line with the five fundamental principles.
- 42 On 19 September 2011, the Department for Education announced that parents and communities are to be given the right to run local children's centres.
- 43 On 20 October 2011, the Department launched 'Parent View' (www.parentview.ofsted.gov.uk), an online questionnaire covering 22,000 schools which enables parents to give their views on schools performance so that other parents can see what they think when making choices about schools.
- 44 A key plank of the Open Public Services proposals is the extension of community budgeting – an approach whereby communities working with local authorities and other partners are able to shape and 'co-design' how services are delivered and how public money is spent in their area.
- 45 Last year, 16 areas were identified as pilots for community budgets focusing on families experiencing multiple problems. On 7 July 2011, the Government announced plans to roll-out the approach to around 50 further authorities.
- 46 On 17 October 2011, the Government published a prospectus for the next phase of community budgets. Two types of budget are envisaged: neighbourhood-level community budgets, which focus on identifying baskets of services that can be designed, directed and or delivered by local communities; and 'whole-place' community budgets that bring all public sector funding in an area together under a single operational plan shared by partners and local communities. The Government intends to fund two pilots for each type of budget and local authorities were invited to submit proposals by 10 November 2011. A decision on the final choice of pilots is expected shortly.

Transparency

- 47 The Government has continued to pursue its agenda of greater transparency and open government.
- 48 On 4 August 2011 the Cabinet Office launched the *Making Open Data Real* consultation on the Government's proposed approach to transparency and its open data strategy. The consultation proposed:
- a) an enhanced right to data, possibly including:
 - a requirement to proactively publish datasets;
 - an enhanced right to challenge decisions not to publish;
 - a higher Freedom of Information cost limit for large datasets;
 - stronger enforcement powers for the Information Commissioner's Office;
 - phased introduction of 'open by default' datasets, through a new generation of ICT systems;
 - b) transparency standards for public sector bodies, for example through a code of practice or star rating system;
 - c) board level responsibility for transparency and open data;
 - d) publication of data inventories for all public bodies, making clear what is held, what is open and what is not.
- 49 The consultation ran until 27 October 2011 and the Assistant Chief Executive submitted a response in conjunction with other service groupings.
- 50 On 29 September 2011, the Government published the Code of Recommended Practice for Local Authorities on Data Transparency. This exemplifies the direction of travel proposed in *Making Open Data Real* and served to formalise Ministers' expectations of the data that local authorities are expected to publish, including as a minimum:
- expenditure over £500, (including costs, supplier and transaction information). Any sole trader or body acting in a business capacity in receipt of payments of at least £500 of public money should expect such payments to be transparent;
 - senior employee salaries, names (with the option for individuals to refuse to consent for their name to be published), job descriptions, responsibilities, budgets and numbers of staff. 'Senior employee salaries' is defined as all salaries which are above £58,200 and above (irrespective of post), which is the Senior Civil Service minimum pay band. Budgets should include the overall salary cost of staff reporting to each senior employee;

- a organisational chart of the staff structure of the local authority including salary bands and details of currently vacant posts;
- the 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole of the authority's workforce;
- councillor allowances and expenses;
- copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector;
- grants to the voluntary community and social enterprise sector should be clearly itemised and listed;
- policies, performance, external audits and key inspections and key indicators on the authorities' fiscal and financial position;
- the location of public land and building assets and key attribute information that is normally recorded on asset registers; and
- data on the democratic running of the local authority including the constitution, election results, committee minutes, decision-making processes and records of decisions.

- 51 The County Council has been working towards publication of key data for some time and in many instances, has published data now formally required, in advance of Ministers' expectations of when local authorities should do so. Now that the Government has confirmed its transparency requirements, we are reviewing our data transparency action plan to ensure that the Council continues to comply with the Government's expectations and is able anticipate future changes, such as the alternative proposals for low pay comparisons included in the Localism Bill as outlined above.
- 52 In other areas of public service, on 25 October 2011 the Government launched a consultation on a scheme for disclosing information about an individual's history of domestic violence to a new partner.
- 53 In a move to increase choice in housing, on 27 October 2011, the Government launched Homeswap Direct (www.homeswapper.co.uk or www.houseexchange.org.uk) to enable social housing tenants wanting to swap their home to see every available property in the country, as opposed to just the properties available managed by their current landlords.
- 54 This was followed on 28 October 2011 by the launch of a new website (www.police.uk) to enable people to compare police force performance across the country and to access street-level information on offences including public disorder, possession of weapons, shoplifting, criminal damage, arson, theft and drug-related offences.

Local government finance

- 55 On 3 October 2011, the Government announced a £805 million grant scheme for local authorities to enable them to freeze council tax in 2012/13. This followed on from a similar scheme announced alongside the Comprehensive

Spending Review to freeze council tax increases in 2011/12. Under the latest proposal which is for one year only, councils that freeze or reduce their 2012-13 basic council tax level (Band D), will receive an additional grant equivalent to 2.5 per cent increase on their council tax for this year. Police and fire authorities will receive a grant equivalent to a three per cent increase.

- 56 The scheme is voluntary and many local authorities are weighing up whether they can afford to freeze council tax for a second year, given wider financial pressures, Government spending reductions and the impact on the call on council tax in future years.
- 57 The announcement followed a new £250 million fund launched by the Secretary of State for Communities and Local Government on 30 September 2011 to support councils to deliver a weekly household waste collection service alongside improved recycling rates. Further detail on the new Weekly Collection Support Scheme have yet to be published.
- 58 On 31 October 2011, the Government issued a consultation paper on technical reforms of the council tax. This proposes:
- a) giving billing authorities power to levy up to full council tax on second homes;
 - b) allowing billing authorities to determine discounts for certain types of empty properties which currently are exempt;
 - c) making mortgagees in possession of empty dwellings liable to council tax in respect of them;
 - d) allowing billing authorities to levy an 'empty homes premium' in respect of dwellings which have been left empty for two years or more;
 - e) setting a default assumption that payments of council tax by instalments will be over 12 months rather than the current 10;
 - f) allowing authorities to publish online the information supplied alongside demand notices (but with a duty to supply a hardcopy if requested), as an efficiency measure and to increase the take-up of electronic billing;
 - g) changes to eliminate potential tax complications where third party suppliers install solar panels on the roofs of dwellings without coming under the control of the resident.
- 59 On 2 October 2011, the Government published details of plans to raise Right to Buy discounts to a level intended to make the scheme attractive again, and to rejuvenate the housing stock. The money raised would be used to pay off local authority housing debt in the Housing Revenue Account and to fund more affordable housing. Under the plan, for every home bought under Right to Buy, a new affordable home would be built. Further details on the scheme will be contained in a forthcoming consultation announced in the Housing strategy for England, outlined above.

Education funding and reform

- 60 On 19 September 2011, the Department for Education announced that the total funding available for the Pupil Premium, which is added to school budgets, is set to double from £625 million in 2011/12 to £1.25 billion in 2012-13 and will rise again each year until 2014-15 when it will be worth £2.5 billion. Per pupil allocations and how the Pupil Premium will be distributed in 2012-13 have not yet been finalised. The Pupil Premium for 2011/12 now stands at £488 per pupil, following an in year rise announced in October 2011.
- 61 However, on 21 September 2011 the Prime Minister announced that the Government is to use the Pupil Premium to make up to £50 million available in 2012/13 for summer schools to help young people make the transition from primary to secondary school. All pupils eligible for free school meals who are making the transition between primary and secondary in September 2012 will attract the extra funding and schools will make a judgment on which pupils need extra support in making the transition. The £50 million will be part of the overall £1.25 billion for Pupil Premium funding in 2012/13. The remaining £1.2 billion will be allocated per pupil according to detail to be set out in the 2012/13 school funding settlement, which is expected shortly.
- 62 On 6 October 2011, the Government announced a review of the funding formula for 16-19 years provision, mainly affecting colleges and schools with sixth forms. Proposals in the consultation include moving away from the current system of funding on the basis of 'payment per qualification' to introduce a much simpler system of funding at the level of the learner, in line with the proposals in Professor Alison Wolf's report on vocational education. It also supports the Government's aims of reducing bureaucracy for education providers and making the funding system simpler, more transparent and readily understood by all. The proposals build on the actions the Government has already taken to simplify the funding system through the introduction of the lagged learner number approach to allocations, and to deliver fair funding so that all providers are funded at the same level by 2015. The proposals cover the following areas:
- a) Reforming disadvantage funding and aligning it more closely with the principles of the pre-16 pupil premium;
 - b) Simplifying participation funding, and moving away from funding an aggregation of the qualifications a young person is studying, and fairly allocate funding to full and part time learners;
 - c) Streamlining the way the additional costs of delivery of certain provision are addressed, and how these can apply to the programme of study rather than the individual qualification;
 - d) Revising area costs by potentially introducing consistency, and possibly aligning area cost uplift with those applied pre-16 through the Dedicated Schools Grant (DSG);
 - e) The potential removal of the success factor from the formula, or treating achievement and retention separately;

- f) Simplifying the residential care standards uplift by removing it from the funding formula and distributing it directly to providers, and removing the short programme modifier;
 - g) Using transitional protection and/or phased implementation to support a smooth transition to the simpler funding formula.
- 63 Alongside education funding reforms, the Government used the opportunity of the beginning of the new school year to focus attention on its on-going policy to promote more diversity in education provision. On 5 September 2011, it announced that over 1,000 schools have become academies since September 2010 and that 40 per cent of all secondary schools are open or in the process of opening as academies. In County Durham, we expect to have 15 academies by early into the 2012 calendar year, all being former secondary schools.
- 64 On 7 September 2011 The Government announced the opening of the first 24 free schools, funded direct by Government and independent of local authority control. It also publicised the establishment of new 'studio schools', including the proposal to establish Durham Studio School in Ushaw Moor, under the control of the Durham Federation which comprises Durham Community Business College and Fyndoune Community College, working in partnership with Houghall Agricultural College and New College Durham.

Feed-in tariffs

- 65 On 31 October 2011, the Department for Energy and Climate Change launched a consultation on proposed changes to Feed-in Tariffs (FITs) for solar photovoltaics (commonly known as solar panels). Since the FIT scheme was introduced in 2009, the cost of solar panel systems has fallen considerably, resulting in far more demand on the scheme than the Government can afford in the current financial climate and returns on investment which the Government considers to be excessive, given the public subsidy involved.
- 66 The Government therefore proposes to reduce the generation tariff for solar panel installations up to 250kW on a sliding scale. Small scale installations with a total installed capacity of 4kW – typically small scale domestic installations, would see a reduction from 43.3 pence to 21 pence. Larger scale installations of between 150kW and 250kW would see a reduction from 15 pence to 12.9 pence. Installations above 250kW would remain at the current tariff of 8.5 pence.
- 67 The proposed tariffs would come into effect on 1 April 2012, but would be based on a retrospective 'reference date' of 12 December 2011.
- 68 The consultation also proposes the introduction of a new multi-installation tariff to come into effect from 1 April 2012, for schemes where an individual or organisation owns or receives FIT payments from more than one solar panel installation, located on different sites.
- 69 Finally, the Government is proposing to strengthen the link between FITs and energy efficiency by introducing a new energy efficiency requirement for FITs

for solar panel installations, in order to avoid the scheme subsidising installations on buildings which are otherwise energy inefficient.

- 70 Beyond the current consultation, the Government has signalled its intention to consult further on whether more could be done to enable genuine community projects to be able to fully benefit from FITs. A second consultation, which is expected by the end of this year will also address FITs for other technologies and outline proposals to implement a more transparent and responsive system of tariffs which does not require constant review and change.

NHS and public health reforms

- 71 On 2 October 2011 the Care Quality Commission published a timetable for the establishment of Public Health England, which subject to the passage of the Health and Social Care Bill is expected to be in place by October 2012.
- 72 The Department of Health has published guidance to help emerging clinical commissioning groups (CCGs) consider the steps towards authorisation to ensure they will be able to discharge their healthcare and financial responsibilities. The formal authorisation process is proposed to commence in October 2012, with all of England covered by established CCGs by April 2013. Within County Durham two clinical commissioning groups have been established:
- North Durham;
 - Durham Dales, Easington and Sedgefield.
- 73 The Care Quality Commission has set out important landmarks in the development of HealthWatch England including agreeing the budget with the Department of Health by summer 2012 and agreeing the composition of and appointing the HealthWatch England committee (which will take up its role in October 2012). The Council has adopted a project management approach to the commissioning of Local HealthWatch. Progress to date includes the development and consultation on a model for Local HealthWatch and scoping the functions. A service specification is currently under development to be completed by February 2012.
- 74 The NHS Commissioning Board Authority, a special health authority and the shadow form of the NHS Commissioning Board (the Board), became operational on 31 October 2011. The central role of the new board will be to improve patient outcomes, by supporting, developing and performance managing an effective system of clinical commissioning groups. The board will also take responsibility for commissioning services that can only be provided efficiently and effectively at a national or a regional level. It is anticipated the NHS Commissioning Board will become fully operational on 1 April 2013, when it takes on its complete legal responsibilities for managing the NHS Commissioning system.
- 75 The NHS Confederation published Operating Principles for Health and Wellbeing Boards on 18 October 2011. These operating principles are intended to help board members consider how to create effective partnerships across local government and the NHS. Four development sessions of the

County Durham Shadow Health and Wellbeing Board have taken place. The first formal meeting of the Shadow Health and Wellbeing Board will be held on 15 December.

- 76 The Department of Health published the Public Health Human Resources Concordat on 17 November 2011. This Concordat provides the principles and standards for managing the HR processes to support the transfer of PCT public health commissioning activity to local authorities. It sets out the obligations of the NHS and local government employers and trade unions in managing the change. The concordat advises that by the end of December 2011 policy documents will be published covering the public health outcomes framework, the Public Health England operating model, the public health role in local government and the Director of Public Health, public health funding and the public health workforce strategy consultation. Subject to Parliament, local authorities will take on their new public health responsibilities in April 2013.
- 77 Update reports on NHS reforms and the Public Health transition will be presented to Cabinet on 25 January 2012.

Police and public order reforms

- 78 On 15 September 2011, the Police and Social Responsibility Bill received Royal Assent. This new piece of legislation includes the following provisions:
- a) replacing police authorities with directly elected police and crime commissioners to be introduced from November 2012;
 - b) overhauling the Licensing Act to give more powers to local authorities and police to tackle any premises that are causing problems, doubling the maximum fine for persistent underage sales and permitting local authorities to charge more for late-night licences to contribute towards the cost of policing the late-night economy;
 - c) introducing a system of temporary bans for new psychoactive substances, so-called 'legal highs', whilst the health issues are considered by independent experts, to ensure our legislative process can respond quickly to emerging harmful substances;
 - d) restoring the right to non-violent protest around Parliament whilst ensuring that Parliament Square remains accessible to all by repealing sections 132-138 of the Serious Organised Crime and Police Act (SOCPA) 2005 and prohibiting encampments and other disruptive activity on Parliament Square;
 - e) amending the process for issuing private arrest warrants for universal jurisdiction offences to ensure that they are issued only where there is a reasonable prospect of successful prosecution.
- 79 The principal changes affecting the Council are the establishment of a Police and Crime Commissioner, who will become a key figure within the county's community safety partnership arrangements and the requirement for us to establish a police and crime panel in conjunction with Darlington Borough Council to hold the new commissioner to account. The Council is also

preparing for first police commissioner election, which is due to take place in November 2012.

- 80 On 13 October 2011, the Home Office opened a consultation on Police powers to promote and maintain public order. The first part of the consultation addresses concerns about the word 'insulting' in section 5 of the Public Order Act 1986, in the light of concerns from some civil liberty groups that this criminalises free speech. The second part aims to progress the commitment made by the Prime Minister following the disorder in the summer in respect of new powers to request the removal of face coverings. The final part seeks views on whether the police need wider powers of curfew to deal with serious disorder and crime, in situations where existing dispersal powers may be insufficient to protect the public.

Implications

- 81 The Government's policy proposals have many implications for the County and the Council, its role and function and the way it works with and relates to local communities and strategic partners. Below, we sketch out the principal implications against the strategic themes of the Council Plan and County Durham Sustainable Community Strategy.

Altogether Better Council

- 82 The move to fixed term parliaments has implications for the turnout at Council elections. In recent years, county council elections have tended to coincide with parliamentary elections, which has helped to increase the turnout rate in our local poll. For example in 2008, the last time there was a stand-alone council election, the turnout rate was 36.38 per cent. This compares with 56.41 per cent in 2005, 57.87 per cent in 2001 and 67.79 per cent in 1997 when the council elections coincided with general elections. Now that parliamentary elections are to be held every five years, they are less likely to coincide with Council elections and therefore our turnout rates are likely to be lower.
- 83 The reduction in the number of parliamentary constituencies covering the county and in particular the proposal for two constituencies to include wards from three neighbouring local authorities will affect national representation of local views in parliament. (It also means that whereas currently the Council administers the elections for all of the constituencies covering the county, in the future Stockton-on-Tees Borough Council would be responsible for administering the proposed Sedgefield and Yarm and which includes parts of the current Sedgefield parliamentary constituency).
- 84 In most instances, MPs representing the new proposed constituencies, will have larger and more diverse areas to cover and in the two instances of 'cross-boundary' constituencies, whole series of different local authorities, agencies and local governance arrangements to engage with.
- 85 As it currently stands, many of the county's geographical sub-divisions, such as the geography of area action partnerships, largely coincide with or 'nest' within parliamentary constituencies. This is less likely to be the case if the proposed constituency boundary changes are introduced, which may

complicate the interface between local partnership working and national parliamentary representation and governance.

- 86 Associated with the above, the Government has used the move to fixed term parliaments to confirm that the current parliamentary session will extend into next year, as opposed to running from November to November as it has done in the past. This means that we will have to wait until the spring for the next Queen's Speech to learn details of the Government's next legislative programme.
- 87 The proposed introduction of individual elector registration has major implications for the Council operationally in electoral services but also indirectly in the impact it may have on the quality of data the Council has on local electors.
- 88 Electoral registration services will clearly have to change the way they work to adapt to and implement the new approach if it is brought in, but the key issue which has concerned many including the Commons Select Committee on Political and Constitutional Reform is the impact the changes would have on the number of people registered to vote.
- 89 Currently, the head of the household can be fined up to £1,000 for failing to register all eligible voters in their property, whereas under the proposed move to individual registration, there would not be an equivalent penalty on the individual, who in effect would be asked to register voluntarily. Many fear that this will reduce the number of people registered to vote, which as well as having serious implications for the strength of national and local democracy, may also affect the quality of statistical analysis and planning as many public sector agencies use the electoral roll as their source of data or sampling frame for research work.
- 90 The Government has yet to provide a formal response to the Political and Constitutional Reform Select Committee's report. However, in the interim it has said that there will be publicity to make people aware of the change and that people will be visited at their home by an electoral registration officer to ask them to register if they have not responded to reminders to do so.
- 91 It remains to be seen whether the Government will provide additional resources to local government to fund this work, under its 'new burdens' doctrine.
- 92 Now that the Localism Bill has received Royal Assent, we have a clearer picture of this new piece of legislation.
- 93 As reported to Members in April 2011, local authorities are to be given a general power of competence, which is intended to enable councils to innovate and to empower them to act more freely in the interests of their local areas.
- 94 The provisions to strengthen community empowerment have become more focussed. The ability for communities to trigger referenda on virtually any issue have been removed, however the requirement to put excessive council tax increases and neighbourhood planning proposals to referenda tests have been retained.

- 95 The 'community rights' to challenge, build and buy have been enshrined in the Act. Local authorities are now waiting to see whether the supporting guidance and regulations will address the concern that the Government's initial proposals would have made it more complicated for local authorities to direct strategic development or implement spending savings and asset disposals, required to meet the Government's deficit reduction measures.
- 96 The provisions relating to new models of local authority governance and in particular, directly-elected mayors have been amended to curtail the ability of the Secretary of State to confer additional powers on a directly-elected mayor without regard to the wider local authority they head or lead. However, the provision that would allow the Secretary of State to implement any new model of local governance, without the need for further primary legislation has been retained. Taken alongside the power to abolish or amend statutory duties without further legislation, and the ability to veto the power of general competence granted to local authorities, it still appears as if the Secretary of State has been granted significant further powers under this piece of legislation.
- 97 The Localism Act will extend the scope of scrutiny and consolidate a wide range of scrutiny legislation into a single place. However, the Government has yet to respond to calls for amendments to be made to ensure that scrutiny powers are consistent across a range of public services and fit with the scrutiny models proposed for health and community safety. It remains to be seen whether this will be addressed in the raft of secondary legislation, regulations and guidance which will underpin the Act.
- 98 The Open Public Services White Paper was short on detail on the specific proposals from Government on how it intended to open up public services; this is expected shortly in the specific Departmental plans flagged within the White Paper.
- 99 The steps taken to rollout and extend community budgets are welcome, however, commentators have expressed concern about the willingness and enthusiasm for the approach beyond the Department of Communities and Local Government. Indeed, the extent to which other Government departments have signed-up or been advised to support community budgeting was a recurring question at the workshops when the community budgets prospectus was launched. The Council did not submit an application to be one of the four pilots, but has expressed an interest in being involved in the wider support network of authorities, working with the pilot areas, to challenge, test and develop their ideas.
- 100 The code of recommended practice on data transparency has no major implications for the Council as it really only served to formalise Ministerial expectations of what local authorities should publish, which have been expressed for some time. The Council will have further work to undertake on publishing details on pay as we now have two sets of requirements to comply with – those arising from the code of practice and those contained within the provisions of the Localism Act which seek to compare 'top to bottom' pay scales as opposed to senior pay with median pay as required by the code.

- 101 *Making Open Data Real* will have significant implications for the Council as it promotes the principle of 'open by default' datasets, some of which we will be expected to publish in real time at source. It also proposes to extend the provisions of Freedom of Information (FOI), raising the bar on cost exemptions which to date have protected councils from incurring excessive costs and/or staff time in researching responses to FOI requests.
- 102 Many local authorities are weighing up the merits of the financial incentives to freeze council tax for a further year and reintroduce weekly bin collections, given wider financial pressures and the implications on the call on council tax in future years.
- 103 The Council will need to consider carefully the council tax freeze proposal and the impact on its longer term strategy for savings and investments contained within the medium term financial plan.
- 104 At this stage, it is difficult to assess the implications of the Weekly Bins Support Scheme as little detail has been released since the Secretary of State made his announcement. When further detail becomes available, we will need to assess the potential financial implications of the scheme, given the clear outcome of the consultation on waste collections which indicated public acceptance and support for alternate weekly collections, which the Council is committed to introducing from April next year.
- 105 The proposed technical reforms to the council tax would provide the Council with more scope to determine its own charging policies in relation to second homes and empty properties and potentially generate more income to meet the costs of providing services.
- 106 The move to 12 monthly payments as opposed to the current 10, would spread the burden of the tax for local council taxpayers, but if introduced would involve the Council incurring more processing and transactional costs and would require us to recalculate all council tax related discounts, benefits and exemptions.
- 107 The proposal to allow councils to provide online information about council tax as opposed to distributing printed information alongside bills would save the Council in the region of £13,000 a year. Further savings to the public purse could be achieved if the proposal was extended to Durham Police Authority and the County Durham and Darlington Fire and Rescue Authority.

Altogether Wealthier

- 108 The outcome of the current debate on planning policy reform will have major implications for the County Durham Plan and the Council's strategy of pursuing a plan-led approach to the development and regeneration of the county.
- 109 While the draft planning policy framework contained several provisions the Council welcomed, the strength of the debate on the proposed reforms is such that there is little certainty about the final outcome of the debate.
- 110 The new Housing strategy for England outlines a range of measures to stimulate the housing market, particularly for first time buyers and those

moving out of social housing. Several measures are subject to consultation so it is too early to assess the detailed implications for the Council and *Altogether Better Housing*, the housing strategy for County Durham.

- 111 However, the proposed reforms to council tax exemptions and discounts for empty properties and second homes (where the Government has already outline its consultation proposals), would help to enable the Council to maximise the potential of the county's existing housing stock to meet its housing needs.
- 112 Similarly, requiring proceeds generated from the sale of council houses to tenants, to be reinvested in affordable housing for rent, should help the Council to continue to fulfil its social housing obligations, although we will need to wait for the Government's forthcoming housing strategy to see the detail.

Altogether Healthier

- 113 The Council is continuing to plan ahead for the ongoing reforms of the NHS and public health. More clarity is emerging from the Department of Health on the proposed changes, although these are still contingent on the final outcome and successful passage of the Health and Social Care Bill.

Altogether Safer

- 114 Under the Police and Social Responsibility Act 2011, the Council will have to prepare for the election of a directly-elected police and crime commissioner in November 2012 and work with Darlington Borough Council to establish a police and crime panel to hold the new police commissioner to account.
- 115 The new police commissioner will be a significant figure within the local community safety landscape, and as well being responsible for setting the policing budget for the county, will also control resources which fund community safety work by other bodies. This is likely to be extended as the Home Secretary has signalled her intention to review and streamline the plethora of budgets which support local community safety work.

Altogether Better for Children and Young People

- 116 The proposals in relation to the funding of 16-19 years provision will have major implications for staying on rates in the county and our efforts to address the large number of young people who are not in employment, education and training (so-called NEETs). The principle of targeting resources on areas of need is welcome, although we need to see the operational and policy detail.
- 117 As reported to Members in September, a principal concern for the Council is achieving fair and equitable funding for education services when schools convert to academies. While the Government has been keen to promote its academy and free school programmes, it has yet to respond to the concerns expressed by many local authorities about the process for transferring local authority funding to academies, which currently fails to take into account actual spend on functions in each local authority or the number of academies. Clearly, there is a need to continue to provide local authorities with adequate funding to provide essential statutory services to schools which remain part of

the local authority. A legal challenge on this issue is pending the Department for Education announcing its intentions.

Altogether Greener

- 118 The proposed prioritisation of Feed-in Tariff subsidies is likely to affect the rate of domestic installation of solar panels in the county, as it will become less economic for householders to install panels on domestic properties.
- 119 The proposed introduction of a new tariff for multiple installations will affect future installations by the Council, however the current project to install panels on 3,000 council-owned domestic properties, via the joint venture agreed by Cabinet on 14 September 2011, will not be affected, as it will be completed before the proposed implementation date for the new tariffs.
- 120 The further consultation on tariffs for other technologies and community schemes will also be of interest and the Council will need to monitor and assess the proposals and respond accordingly.

Implications for partnership working

- 121 Given the scope, scale and pace of Government reforms it is imperative that the Council continues to work with partners to ensure that we work together to achieve the aims of the sustainable community strategy. This is particularly so in relation to health and social care, where we need to ensure that the new partnership and working arrangements which are being established, help the Council to deliver the health outcomes we have set out to achieve for local people.
- 122 As reported to Members in November, the County Durham Partnership has reviewed its priorities in the light of the current and changing policy context and considered how it could ensure that its operational arrangements continue to remain fit for purpose.

Conclusions

- 123 While the summer recess caused a natural pause in the flow of policy announcements from Government, there has been little let-up in the on-going debate on the Government's reform agenda, particularly in relation to the NHS, welfare, the handling of the economy and planning reform.
- 124 Over a year on into the new Government, we are seeing increasing evidence of some of the underlying themes of Government policy, such as transparency, choice, community empowerment and more diverse patterns of public service provision.
- 125 This is particularly evident in the Police and Social Responsibility Act, the Localism Act and the Open Public Services White Paper, which seek to empower citizens, decentralise from Whitehall and open up public services to a broader range of providers.
- 126 A number of the policy proposals have significant financial implications for the council, either directly, such as the incentive to freeze council tax for a further year or the freedom to determine our own scheme of council tax discounts for

empty properties, or indirectly, such as the proposed reductions in the feed-in tariffs which provide incentives for energy efficiency schemes.

- 127 The proposed changes to electoral representation and arrangements will add a degree of complexity to the relationship between local governance and parliamentary representation in the county and the move to individual elector registration as proposed, runs the risk of reducing the number of people who are registered to vote. Apart from affecting the strength of local and national democracy, this will affect the quality of statistical analysis and planning as many researchers use the electoral register as a data source or sampling frame for research.
- 128 Clearly, the various policy changes will have major implications for the Council and the steps it is taking to develop an 'altogether better Durham'.
- 129 The Council and its partners are continuing to analyse the impact that Government policy will have on local communities and on our ability to deliver the sustainable community strategy and wherever possible, are working together to respond proactively to the Government's policy changes.
- 130 This has been reflected in the recent review of the operational arrangements of County Durham Partnership to ensure that they remain fit-for-purpose.
- 131 Specifically, the Council proposes to undertake the following actions in light of ongoing policy announcements:
- a) To monitor the progress of relevant legislation reporting to Members as required (all Corporate Directors);
 - b) To assess and respond to the consultation proposals relating to neighbourhood planning and Community Infrastructure Levy reforms (Corporate Director, Regeneration and Economic Development);
 - c) To assess and respond to consultations around the Government's new housing strategy for England (Corporate Director, Regeneration and Economic Development);
 - d) To review and revise the Council's ongoing action plan to ensure that it anticipates and complies with transparency regulations (Assistant Chief Executive);
 - e) To anticipate and consider local government finance reforms in the Council's medium term financial plan and associated housing revenue account (Corporate Director, Resources and Corporate Director, Regeneration and Economic Development);
 - f) To assess the implications of the Government's proposals for the funding of 16-19 years provision (Corporate Director, Children and Young People's Services);
 - g) To consider and prepare a response to the consultation on changes to the feed-in tariff (Corporate Director, Regeneration and Economic Development and Corporate Director, Resources);

- h) To continue to monitor and report to Members on NHS and health and social care reform (Corporate Director, Adults, Wellbeing and Health);
- i) To develop and implement an action plan for the election of a Police and Crime Commissioner in November 2012 and the establishment of a 'police and crime panel' (Corporate Director, Adults, Wellbeing and Health).

Recommendations

132 Members are recommended to note the contents of this report and agree the actions being taken to anticipate and respond to the Government's reforms.

Background papers

Cabinet, 15 September 2010, Implications on Durham County Council of the Coalition Government's emerging policy programme

Cabinet, 26 January 2011, Implications on Durham County Council of the Coalition Government's policy programme

Cabinet, 9 March 2011, NHS Reforms

Cabinet, 25 May 2011, Implications on Implications for Durham County Council of the Government's policy programme

Cabinet 13 July 2011, NHS Reforms/ Health and Wellbeing Boards

Cabinet, 14 September 2011, Implications on Implications for Durham County Council of the Government's policy programme

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Appendix 1: Implications

Finance – The proposed technical reforms to the council tax would provide the Council with scope to review further its policies in relation to second homes and empty properties. The proposals include extending the range of discretionary discount to 0 to 50 percent (currently 10 to 50 percent) on second homes (the Council currently provides the minimum 10 percent discount), plus the ability to levy a premium on dwellings that have been empty for more than two years (the Council has recently changed its policy to withdraw the 50 percent discretionary discount on empty properties). The proposals could generate more income and further strengthen the Council's approach to encouraging landlords/owners of long term empty properties to bring these back into use, so that we maximise the potential of the county's housing stock to meet its housing needs.

The grant scheme to fund a council tax freeze for one more year, albeit on a non-recurring basis, would provide the Council with further income. Like many other authorities, the Council will need to weigh up whether it can afford to freeze council tax again, given wider financial pressures, Government spending reductions and the impact on the call on council tax in future years.

At this stage there is no detail available as to the sums the Council could expect from the Weekly Bins Support Scheme. However, based on the size of the national pot announced, and taking into account the outcome of the waste consultation, the advanced stage of delivery of the Twin Bin scheme and evidence of improvements in diversion/recycling, the intention is to continue with the introduction of the Twin Bin system from April 2012.

Staffing – The transfer of public health functions from the PCTs to local authorities will have staffing implications for the Council as will aspects of the proposed Open Public Services policy, which may see local authority staff being transferred to other service providers including employee mutuals.

Risk – A number of the proposed reforms pose risks for the Council which will be identified and considered in service-specific risk assessments.

Equality and Diversity – Where the Council needs to develop, adapt or amend its policies in light of the Government's reform proposals, full equality impact assessments will be undertaken.

Accommodation – There are no specific implications.

Crime and Disorder – The Council will need to plan for the election of a Police and Crime Commissioner, who will play a key role in the planning and implementation of community safety in the county. As well as acknowledging the creation of a Police and Crime Commissioner in the county's community safety partnership arrangements (the Safer Durham Partnership), the Council will need to develop appropriate scrutiny arrangements with Darlington Borough Council to hold the new Commissioner to account.

Human Rights – There are no specific Human Rights implications in the report.

Consultation – The Council will be expected to consult service users and other local authorities in developing policy responses to a number of the Government's proposals.

Procurement – The Community Right to Challenge will have implications for the Council's procurement processes. At this stage it is not known when this will come into effect, following the enactment of the Localism Bill, which received Royal Assent on 15 November 2011.

Disability Discrimination Act - The Disability Discrimination Act implications of the Government's reforms have not been assessed in detail but would be addressed in any equality impact assessments undertaken as the Council develops its own policy responses.

Legal Implications – A number of the Government's reforms, such as the Recommended Code on Data Transparency will have statutory force, which means there will be legal implications for the Council, should it fail to comply. A key area relates to planning, where the neighbourhood planning proposals alongside the presumption in favour of development, may lead to more contested planning decisions, if developers and applicants challenge the Council's plan-led approach to spatial planning and regeneration in the county.