

# Durham County Council

At a Meeting of **Cabinet** held in Council Chamber, County Hall, Durham on **Wednesday 4 December 2024 at 9.30 a.m.**

**Present:**

**Councillor A Hopgood (Leader of the Council) in the Chair.**

**Cabinet Members:**

Councillors R Bell (Deputy Leader of the Council), T Henderson, C Hood, S McDonnell, J Rowlandson, E Scott, A Shield, J Shuttleworth and M Wilkes

## **1 Public Questions**

There were no public questions.

## **2 Minutes**

The minutes of the meeting held on 13 November 2024 were agreed as a correct record and signed by the Chair.

## **3 Declarations of Interest**

There were no declarations of interest in relation to any items of business on the agenda.

## **4 Medium Term Financial Plan (15) 2025/26-2028/29 [Key Decision: CORP/R/2024/001]**

The Cabinet considered a report of the Corporate Director of Resources which provided an update on the development of the 2025/26 budget and the Medium-Term Financial Plan (MTFP(15)) covering the period 2025/26 to 2028/29, including updated financial planning assumptions (for copy see file of minutes).

In Moving the report Councillor R Bell, Deputy Leader of the Council and Cabinet Portfolio Holder for Finance provided an update to the MTFP 15 forecasts considered in September and an overview of the announcement made in the Chancellor's budget. Updated estimates of the cost pressures faced next year were set out in the report. These would need to be accommodated in the budget, including an initial assessment of the impact of the increase in the National Living Wage, which was higher than the Council

had previously forecasted. Estimates of the increase in employers National Insurance costs showed a deterioration in the Council's position by around £2.5m for 25/26. The figures included in the report were based on a 2.99% increase in council tax.

The Leader of the Council seconded the recommendations in the report. Councillor Hopgood explained that the challenges faced in balancing the budget next year and across the next four years would be difficult to manage. The final position faced in 2025/26 was more fluid as the Council awaited the provisional Local Government Finance settlement allocations.

Unavoidable costs pressures faced from the impacts of National Living Wage increases, the changes to Employers National Insurance costs, the enduring demographic and cost of placement pressures in Children and Young Peoples Services and Local Government Pay assumptions were all significant factors which placed a huge strain on budgets into next year and beyond. The higher National Living Wage increases for next year had necessitated the need to amend assumptions on the expected local government pay settlement next year.

Officers were working hard to finalise the forecasts and it was important to understand that spending pressures could well increase at the next update in January.

Funding levels in 2025/26 and beyond remained uncertain, although it was encouraging that the funding arrangements were being looked at with a view to redistributing funding to authorities like Durham who faced lower tax raising capacity and higher levels of demand as a result of higher levels of deprivation.

The forecasts in the report showed a funding gap of around £25.6 million next year, and around £69.8 million over the next four years. This would be a hugely significant challenge given that over the last 14 years the Council had to accommodate a funding gap of around £270 million to date.

The report included details of £15.8 million of savings proposals across the next four years, £14.7 million of which could be delivered next year. These could help reduce the funding gap faced next year to around £10.9 million and the overall gap to around £54 million over the next four years.

It was important to continue to review everything to drive out efficiencies and limit the impact on front line services, however, the scale of the challenge faced, based on the forecasts presented, would inevitably impact on front line services unless the underlying funding position of the council changed significantly.

It had been confirmed that permission to apply an Adult Social Care precept next year had been given. This was not yet factored into budget planning assumptions. The income generated from this plus the forecast additional Social Care Grant would be less than half of the unavoidable budget pressures needed to accommodate the budgets for Adults and Childrens Social care which placed significant pressure on the discretionary services provided.

It was a significant source of concern that based on these budget forecasts the council would be facing a budget deficit of £29.2 million in 2026/27.

The savings proposals in this report once again sought to maximise income raising opportunities and prioritise efficiencies in non-front line service delivery as far as possible.

Lobbying the government for additional financial support would continue, as would holding the Government to their commitment to undertake a fundamental review of the local government finance system, including how authorities are compensated for low council tax raising capacity. It was well documented that the current system disadvantaged places like Durham and this was inherently unfair.

Councillor Wilkes, Cabinet Portfolio Holder for Neighbourhood and Climate Change commented that the National Insurance increases had put the Council, and many others in more financial difficulty and there was a need for government to provide funding instead of asking Council's to cut services and increase Council Tax.

**Resolved:**

That the recommendations in the report be approved.

**5 Forecast of Revenue and Capital Outturn 2024/25 - Period to 30 September 2024 and Update on Progress towards achieving MTFP (14) savings**

The Cabinet considered a report of the Corporate Director of Resources which detailed the forecast revenue and capital outturn for 2024/25, based on the position to 30 September 2024. The report also updated on progress towards achieving MTFP (14) savings in 2024/25 (for copy see file of minutes).

Councillor R Bell, Deputy Leader of the Council and Cabinet Portfolio Holder moved the recommendations set out in the report and thanked Officers for the comprehensive detail within the report and for budget managers managing their respective budgets.

It was pleasing to note cash limit underspends which offset the overall spending forecast. As expected, the forecast overspend in Children and Young People's Services had risen, and within that, there had been a higher overspend in the Looked After Children budget. The updated forecasts showed the general reserve would be £26.7m at the year end. 4.7% of the net revenue budget and below the minimum level of general reserve. This would require a £1.2m transfer from MTFP support at the year end.

The Leader of the Council seconded the recommendations in the report and explained that robust financial management of the Council had consistently been recognised the Value for Money assessments from our External Auditors. Councillor Hopgood believed Durham to be in the minority in the region and nationally to have this fully signed off before the 30 November statutory deadline, with the majority of councils up and down the country now in audit backstop arrangements and many not having had their 2022/23 accounts signed off.

Despite the significant growth built into the current year's budget, which totalled £14.7 million for looked after children placement costs alone, the overspend in Children and Young Peoples services had increased to £9.5 million based on these quarter two forecasts and would need to be picked up corporately.

Many of the inflationary and demand pressures would continue into next year and together with the uncertainty over the financial settlement from the government, the Council would continue to be in a challenging position in terms of budget planning for 2025/26 and the MTFP position going forward.

It was pleasing to note that to 30 September 2024, £120.6 million of capital investment in the county had been delivered, £36 million more than the capital investment delivered to 30 September 2023. This was reflective of the Joint Administration delivering change on the ground despite the financial challenges faced, with new facilities for business, including the developments at NETPark, Sedgefield and South Church, alongside the significant regeneration of Bishop Auckland Highstreet, and improvements in our highways and transport infrastructure across the county, which would provide more and better jobs for our residents.

Councillor Hopgood fully expected total capital investment to surpass the £233 million of capital expenditure delivered last year, investment which dwarfed the previous record levels of capital investment delivered in any one year, both of which were in the Joint Administration's first two years in charge of this Council and was clear evidence of an administration delivering on its promises and turning plans into action.

**Resolved:**

That the recommendations in the report be approved.

**6 Social Housing Allocations Policy Review - Consultation on Key Issues**

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which set out the rationale for a review of the Council's social housing allocations policy (for copy see file of minutes).

In Moving the report, Councillor J Rowlandson, Cabinet Portfolio Holder for Resources, Investments and Assets, thanked the hard work of Officers and the registered providers who had engaged in the process. The allocations policy was last reviewed in 2017 and much had changed since that time. The rising cost of living and the significant fall in the number of houses available to let had led to people waiting longer to get rehoused, and the total number of people on the waiting list had increased by 30%. It was vital that allocations policies were reviewed to prioritise those people who required the most help. The responses to the consultation would provide an evidence base to consult on a new draft policy later in 2025.

In Seconding the report, Councillor A Shield, Cabinet Portfolio Holder for Equality and Inclusion explained that the Council's allocation policy provided for the Council to give additional priority to those applicants who were severely overcrowded, those who have urgent medical needs, those fleeing domestic abuse, those with a connection to the armed forces and those classified as being non-contributing homeless.

The number of people presented as being homeless with complex needs had increased significantly and there were increasing pressures in utilising temporary accommodation, incurring significant costs due to the lack of Council owned stock. Working together and listening to residents, registered provider partners and key stakeholders would result in a fair and transparent allocations policy, which allowed people to access the right type of housing to help fulfil the needs of residents and help prevent the wider issue of homelessness.

**Resolved:**

That the recommendations in the report be approved.

**7 Towns and Villages Programme**

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an update on the delivery of the Towns

and Villages Programme and sought approval of the Towns and Villages Investment Plan 2024/26 (for copy see file of minutes).

Councillor E Scott, Cabinet Portfolio Holder for Economy and Partnerships thanked the Team for their brilliant work reflected throughout the report. This highlighted the positive local action and extensive work taken at a local level to engage and understand local issues for communities and businesses. The programme was transformative as the Council had reacted to the loss of high street names and the rise in online shopping, as well as the issues caused by the covid pandemic.

Highlights and achievements of the programme had seen support provided to 261 business, the creation of 84 new town centre businesses and the creation of over 500 jobs. Significant progress had been made against the agreed investment plan and the appended programme continued to follow the investment themes agreed in 2021. This included delivery of more regional pop up opportunities in towns, a continuation of delivery plan improvements linked to smaller towns and neighbourhood parades, delivery of the first phase of housing led regeneration in Horden, a continuing focus on addressing town centre property vacancies by encouraging the conversion and reuse of property, delivering more walking and cycling routes linked to employment sites and town centres. Specialist markets held countywide had also increased footfall and generated interest from new traders. The Council could take confidence in their approach as they were making a real difference, not seen anywhere else within the North East.

Councillor J Rowlandson, Cabinet Portfolio Holder for Resources, Investments and Assets said that the programme demonstrated the value and benefits of making investments across the county. The Council had also benefitted from significant other funding contributed through other sources. In seconding the recommendations, Councillor Rowlandson commented that the Town and Villages programme was an effective model and provided positive evidence that could be shared with colleagues at the North East Combined Authority as they developed their emerging programmes.

**Resolved:**

That the recommendations in the report be approved.

## **8 Exclusion of the public**

**Resolved:**

That under section 100(A)4 of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds

that it involves the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the said Act.

**9 High Needs Capital Provision - Acquisition of Land and Buildings south of Coulson Street, Spennymoor [Key Decision: REG/2024/010]**

The Cabinet considered a joint report of the Corporate Director of Children and Young People's Services and the Corporate Director of Regeneration, Economy and Growth which provided detail and rationale behind the council's proposed purchase of the land and buildings south of Coulson Street, Spennymoor (for copy see file of minutes).

Councillor J Rowlandson, Cabinet Portfolio Holder for Resources Investment and Assets moved the recommendation in the report and explained the strategic rationale for the property acquisition.

Councillor T Henderson, Cabinet Portfolio Holder for Children and Young People's Services seconded the recommendation in the report and highlighted that the acquisition would provide access to high quality specialist educational facilities.

**Resolved:**

That the recommendations in the report be approved.