

Durham County Council

Cabinet

At a Meeting of **Cabinet** held in the **Council Chamber, County Hall, Durham** on **Wednesday 12 March 2025** at **9.30 am**

Present:

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

Cabinet Members:

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

Apologies:

Apologies for absence were received from Councillor J Shuttleworth

Also Present:

Councillor Joan Nicholson

1 Public Questions

There were no public questions.

2 Minutes

The minutes of the meeting held on 12 February 2025 were Moved by Councillor A Shield, Seconded by Councillor T Henderson, agreed as a correct record and signed by the Chair.

3 Declarations of interest

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

4 County Durham Plan Annual Monitoring Report and Proposed Review (Key Decision: NCC/2025/002)

The Cabinet considered a report of the Corporate Director of Neighbourhoods and Climate Change which sought approval to start the process of reviewing the County Durham Plan (CDP) with the view to starting production of a new local plan for the county. In light of the emerging changes to national policy, detailed within the report, there was a requirement to align the new plan with new national policy.

Approval was also sought for the content of the Annual Monitoring Report (AMR) of the CDP, and to agree to its publication. This was the fourth AMR of the adopted CDP and covered the period from 1 April 2023 to 31 March 2024.

The data collected from the AMR would also inform the review of the CDP (for copy of report, see file of minutes).

Councillor E Scott, Cabinet Portfolio Holder for Economy and Partnerships commented that the County Durham Plan adopted in 2020 had served the Council well, however, time had moved on. The new National Planning Policy Framework and the increased housing targets, meant that it was critical for the Council to respond. A new plan was essential in keeping the County fit for the future by delivering the kind of development required, and crucially, in the right locations. The annual monitoring report provided important context for the new plan and would be central to informing policy. Councillor Scott was also pleased to see that the plan continued to take the Council in the right direction for the areas of housing supply, economic development and vitality of town centres, all of which brought their own challenges. It also allowed flexing to ensure that the right level of protection and conservation were provided to protect the natural environment and historic and cultural assets.

Councillor J Rowlandson, Cabinet Portfolio Holder for Resources, Investments and Assets explained the importance of having in place the correct planning framework to deliver new homes and the supporting infrastructure that communities needed. He added that the context for development was changing, and new targets would shape proposals the County.

Councillor R Bell, Deputy Leader of the Council and Cabinet Portfolio Holder for Finance referenced comments made by LGA. The Bill had been warmly welcomed by developers, however, this was understandable given that it would greatly reduce the ability of Councillors and Councils engagement on planning matters. It was vital that the Council had a new County Durham Plan to facilitate appropriate development as far as possible, however, it was also important to highlight that the Plan was not just about housing, it was also about keeping town centre's vibrant, something which the Council was doing with some success. Councillor Bell referred to paragraph 68 of the report which highlighted occupancy rates in Seaham. Councillor Bell warmly welcomed the report and recommendations.

Councillor Wilkes commented that planning reforms being introduced by the Labour Government alongside the changes being made in relation to housing targets would put greenbelt and farmland at risk and it was essential that the County Durham Plan was updated.

The additional supplementary planning documents (SPDs) agreed by the Cabinet in relation to parking and solar energy alongside the other SPDs that were incoming enhanced the CDP considerably. Councillor Wilkes highlighted the importance that everyone contributed to all forthcoming consultations.

Resolved

That the recommendations in the report be approved.

5 Forecast of Revenue and Capital Outturn 2024/25 - Period to 31 December 2024 and Update on Progress towards achieving MTFP (14) savings

The Cabinet considered a report of the Corporate Director of Resources which provided information on:

- (a) the updated forecast revenue and capital outturn for 2024/25, based on the position to 31 December 2024;
- (b) an update on the dedicated schools' grants and forecast schools' forecast outturn as at 31 March 2025, based upon the position to 31 December 2024;
- (c) the forecast for the council tax and business rates collection fund outturn on 31 March 2025, based on the position to 31 December 2024; and
- (d) details of the updated forecast use of and contributions to earmarked, cash limit and general reserves in 2024/25 and the estimated balances that will be held on 31 March 2025.

The report also provided an update on progress towards achieving MTFP (14) savings in 2024/25.

Councillor R Bell, Deputy Leader of the Council and Cabinet Portfolio Holder for Finance, thanked officers for the comprehensive report and budget managers across the council for their continued focus on managing their areas.

Councillor Bell spoke about the unavoidable cost pressures and ever escalating demand for Children's Social Care, the complex needs of some of those children and the resultant significant overspends. Maintaining a strong grip on budgets was essential.

Some cash limit underspends had been forecasted in Adult and Health Services, Resources and the Chief Executives Office. These totalled £3.723 million, offsetting the overspends forecast in Regeneration Economy and Growth and Neighbourhoods and Climate change which totalled £385,000. The net underspend was around £3.338 million to year end in these services.

More worryingly, Children and Young People's Services forecasted overspend had risen from £9.517 million at quarter two to £13.057 million and within this were higher overspends forecasted in the looked after children budget, where the placements budget was forecasted to overspend by £10.356 million, £3.061 million more than the previous quarter.

Councillor Bell highlighted the staggering demand and costs in looked after children placements which continued to escalate. This was why the Council had to find a further £16.610 million of budget growth next year as part of the 2025/26 budget agreed last month. This would take the Children in Care placement budget to an eye watering £93.2 million in 2025/26 – a 285% increase in the last seven years.

The net cash limit overspend for all services was now forecasted to be nearly £9.719 million this year. This was £2.278 million higher than the forecasts at quarter 2 when there was a net cash limit overspend of £7.441 million forecasted.

The £13.057 million cash limit overspend in Children and Young Peoples Services would need to be met corporately, from the General Reserve.

Thankfully, there would be some corporate underspends to cover off some of this position, with savings on capital financing costs through delayed borrowing and on general contingencies.

The forecasts also included a one off £1.068 million of Levy Account Surplus Grant distribution from Government, which had not been factored into the budgets or the previous forecasts.

The quarter three forecasts would result in the General Reserve position reducing by £8.717 million to £23.344 million, which was significantly below the minimum threshold agreed as part of the Reserves Policy.

A further top-up of nearly £3 million would be required at the start of 2025/26 to reflect the uplifted Net Budget Requirement for 2025/26 and the need to have an opening General Reserve position of £31.156 million in 2025/26.

Excluding schools' balances, based on the forecasts the earmarked reserves were now forecasted to fall by £10.139 million this year which was around £2.749 million less than what was forecast at quarter two.

In overall terms the total General, earmarked and Cash Limit Reserves (excluding school reserves) at 31 March 2025 were forecasted to be £189.512 million, an in-year reduction of £18.856 million in total.

Councillor R Bell highlighted that many people commented on the size of reserves held by the Council. However, it should be acknowledged that the Council were the seventh biggest unitary council in the country, with annual gross expenditure in excess of £1.3 billion a year. The reserves were proportionate to the size of the Council, as evidenced by the CiPFA Financial Resilience Index.

Councillor Bell also highlighted that £19.6 million of the £166.168 million of earmarked reserves held, were sums held on behalf of others and that £3.5m of the MTFP Support reserve was being drawn on next year to balance the budget.

In terms of the Collection Fund forecasts it was pleasing to note an in-year and cumulative surplus on the Council Tax Collection Fund and on the Business Rates Collection Fund.

The net position across the two collection funds forecasted a surplus of £5.363 million, of which the councils share was £3.265 million. This was broadly in line with the net surplus forecast at quarter two.

The amended Capital Programme, taking into account re-profiling and new grants and contributions plus the review of the capital programme to create some additional headroom and contingency provision, resulted in a revised 2024/25 capital programme of circa £289.459 million this year, with circa £179.404 million of capital expenditure having been incurred by 31 December.

Cabinet had made some difficult choices in relation to capital investments and needed to balance the risks and pressures inherent in the capital programme. Councillor Bell fully supported the amendments made to the capital budgets as outlined in the papers and noted the good performance against the various prudential indicators agreed by Council in February 2024 and the delivery of significant investment to 31 December, where capital spending to the end of quarter three exceeded the position to the same point last year. This was a record year in terms of delivering capital investment and the Council were on course to exceed last years total capital investment again.

In relation to the dedicated schools grant, maintained schools were facing unavoidable inflationary pressures.

The updated forecasts factored in the additional grant schools were receiving to help them meet the costs of the Teachers Pay Award and the additional targeted and top up funding they would receive to help with meeting the costs of children with special educational needs.

Overall, maintained schools were now forecasting a reduced call on their reserves to help balance their budgets, which was welcome news, and a much better position than their initial budget estimates. The draw on schools reserves was forecasted to be £1.84 million this year – a £2.566 million improvement from the initial planned use of reserves which were assumed for budget setting purposes and £2.894 million improvement on the quarter two forecasts.

Disappointingly, but not wholly unexpected, there had been a deterioration in the forecast overspend against High Needs DSG funding to year end, with the updated forecast indicating an in-year overspend of £13.243 million – a deterioration on the quarter two forecasts where a £11.572 million overspend was forecast.

The cumulative deficit to 31 March 2025 is now forecast to be £23.9 million – a doubling of the deficit in year and largely due to the reduced uplift in the HN DSG funding in year.

In terms of delivery of MTFP savings this year, at the half way point of the year, officers had delivered around 82% of the £8 million of savings requirements for the year. There were however £1 million of the savings agreed last year, largely linked to income related savings in Neighbourhoods and Climate Change and in Regeneration, Economy & Growth that had not been delivered and were producing in-year overspends. Details of these were set out in the report and the relevant Corporate Directors were implementing appropriate mitigations to ensure these did not impact into 2025/26 and beyond.

The Leader of the Council placed on record her appreciation to Cllr Bell and the Corporate Director of Resources and his team for the detailed report, and to all budget managers across the Council for their continued effective management of their budgets.

Councillor Hopgood highlighted that robust financial management of the Council had consistently been recognised through Value for Money assessments from External Auditors and was also recognised in the CiPFA Peer Review last year.

Despite significant growth, the overspend in Children and Young Peoples services had increased again from quarter two, to a forecast £13 million overspend this year. This would need to be picked up corporately at the year end.

A rebalance of the General Reserve would be required at the year end based on the forecasts to ensure compliance was maintained in line with the policy on reserves agreed by the Council.

Many of the inflationary and demand pressures highlighted in the report would continue into the next year and had been factored into the 2025/26 budget report agreed last month.

The challenges faced in balancing budgets going forward was significant, however, it was important to note that the Council remained in a relatively strong position, and well placed to meet the challenges ahead.

Many of the pressures faced were also faced by schools, both maintained and academies. The report referenced an improved position in terms of or maintained schools budgets and their retained balances compared to their original budgets.

That said, 135 maintained schools were still forecasting to draw a net £1.84 million from their reserves this year, reducing their retained balances in year.

Councillor Hopgood highlighted £179 million of capital investment had been delivered, with the updated and amended capital programme being £289.5 million of forecasted expenditure. Councillor Hopgood fully expected that capital investment this year, would be in excess of the £233 million that was invested last year, which was by far and away the largest level of capital investment in a single year that the council had ever delivered which highlighted another record breaking year in terms of delivery.

Resolved

That the recommendations in the report be approved.

6 Annual Review of the Constitution

The Cabinet considered the report of the Director of Legal and Democratic Services and Monitoring Officer which presented the proposed changes to the Council's Constitution following the annual review process (for copy of report see file of minutes).

The Leader of the Council explained that the Council's Constitution set out how the Council operated, how decisions were made and the procedures followed to ensure that decisions were efficient, transparent and accountable to local people. Some of the processes were required by law, whilst others were a matter for the Council to choose.

It was good practice to review the Constitution regularly to ensure that it remained fit for purpose and reflected good practice and legislation. The report summarised the work that has been done throughout the year in reviewing all aspects of the Constitution. The majority of the proposed changes this year took into account the changes to the Council's governance arrangements following the Local Government Boundary Commission Review and to prepare for the new electoral term in May 2025.

The proposed changes to the Officer Scheme of Delegation in respect of Executive functions were minimal but essential in ensuring Council business could be conducted efficiently and effectively.

The proposed changes to terms of reference, rules of procedure and Codes of Practice were matters for the Council to determine. However, the proposals would ensure that the Council's governance arrangements were fit for purpose, reflected current legislation and best practice.

Where appropriate, the proposals had been informed by feedback received from Members and Officers. As in previous years, Constitution Working Group had been consulted on the proposed changes.

The Group asked Officers to consider further changes including the proposal that the appointment of Chairs and Vice Chairs of Scrutiny Committees should be politically balanced. It was always beneficial to have cross party input to the annual review and Councillor Hopgood was pleased that the Group were supportive of all the proposed change.

Councillor Hopgood placed on record her appreciation to the Monitoring Officer and her team for undertaking the review and to all the Officers across the Council who have contributed.

Councillor R Bell, Deputy Leader of the Council and Cabinet Portfolio Holder for Finance echoed Councillor Hopgood's comments in relation to the importance of the Constitution and the need for it to be kept under review and seconded the recommendations.

Resolved

That the recommendations in the report be approved.

7 High Needs Block Funding for SEND and Inclusion Support

The Cabinet considered the joint report of the Corporate Director of Children and Young People's Services and Corporate Director of Resources which provided an update on the latest forecast financial position for the High Needs Block (HNB) budget and an update on related SEND programmes and initiatives (for copy of report, see file of minutes).

Councillor T Henderson, Cabinet Portfolio Holder for Children and Young People's Services commented that the Cabinet and Council were aware from regular budget monitoring of the serious increased financial pressures in relation to SEND and Inclusion support. Councillor Henderson informed the Cabinet that he had written to the new Secretary of State of his concerns in Autumn 2024. This issue was now of significant concern to all local authorities in the country. Whilst the Government increased the grant available, it only covered one third of the forecasted budget pressure and would leave a substantial gap in funding for 25/26. The situation was unsustainable for the sector and urgently needed to be addressed. The Council would seek to find way to mitigate cost pressures and hoped that the new government would make a statement on how it intended to tackle the issues with the SEND system soon.

Resolved

That the report be noted.

8 County Durham Partnership Update

The Cabinet considered a report of the Chief Executive which updated Cabinet on issues being addressed by the County Durham Partnership (CDP), which included the CDP Board, Forum, Thematic Partnerships and Area Action Partnerships (AAPs) across the county (for copy of report, see file of minutes).

The Leader of the Council referred to her recent attendance and opportunity to speak at the County Durham Partnership annual event on 6th February. The theme was to consider how the County Durham Partnership could better support community action in 2025 and beyond.

Councillor Hopgood referenced some of the stories heard from some of the fantastic community organisations who were making a real difference in communities in which they were immersed. For example, REfUSE, a social enterprise based in Chester-le-Street, who intercepted and made use of food in the community which would otherwise be wasted.

She referred to an inspirational presentation from the Chair of New Local, a think tank with a mission to transform public services and unlock community power, the work of the Poverty Action Steering Group, including the continued impact of the Fun and Food programme, and the recently launched County Durham Poverty Truth Commission, which would provide a framework for engagement, bringing together people experiencing poverty with decision makers and organisational leaders to tell their stories and identify change that can make a difference to people's lives.

Councillor Hopgood referred to the partnership work undertaken with Point North, which had supported community venues across the county to provide 75 Welcome Spaces where people could feel warm and comfortable and access refreshments.

The annual County Durham Environment Awards took place on 13th February, supported by the Environment and Climate Change Partnership, to recognise the great work and commitment of communities, organisations and individuals have made towards caring for the natural and built environment across the county. 13 worthy winners were chosen from 45 submissions this year. This included an outstanding award, given at the discretion of expert judges to The Lanchester Group for displaying exemplary sustainability and environmentally friendly activity across multiple categories.

The report also outlined the exceptional projects funded and supported by the Area Action Partnerships which were making a real difference in respect of local issues in local communities. Examples such as

enabling healthy weight for all through sports opportunities for young people and improving mental health and wellbeing through cultural arts-based initiatives.

Cabinet Portfolio Holders then spoke about positive areas of their Portfolios and achievements within each directorate.

Resolved

That the recommendations in the report be approved.

9 Air Quality Action Plan 2025-2030

The Cabinet considered a report of the Corporate Director of Neighbourhoods and Climate Change which sought approval to adopt a new Air Quality Action Plan for Durham City (for copy of report, see file of minutes).

Councillor M Wilkes, Cabinet Portfolio Holder for Neighbourhoods and Climate Change Durham City where elevated levels of nitrogen dioxide (NO₂) predominantly from road vehicles have been identified to exceed national air quality objectives. Councillor Wilkes said it was important to add some context to the report, in that the area concerned was a short stretch of highway within Durham City Centre as the only air quality management area across the whole County. The move to low emission vehicles was an important part of the strategy to maintaining good air quality. The Council had to remain focussed and not be complacent on these issues. Councillor Wilkes then provided a summary of initiatives across Council sites that contributed towards the plan.

Councillor A Shield, Cabinet Portfolio Holder explained that poor air quality was an environmental risk to public health and affected the most vulnerable. He highlighted the importance of taking action to keep cities and towns clean and free-flowing. Councillor Shield thanked officers for their work and acknowledged the leadership of the portfolio holder.

Resolved

That the recommendations in the report be approved.

10 Such other business

The Leader of the Council referred to the impending retirement of Oliver Sherratt, Head of Environment. Councillor Hopgood said he would be a huge miss. Oliver had always been approachable, proactive and had a can do attitude. Councillor Hopgood and other Cabinet Members thanked him for his dedication to County Durham and wished him the very best for a long, happy and healthy and happy retirement.

11 Exclusion of the public

That under section 100 (A)4 of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 3 and 5 of Schedule 12A to the said Act.

12 Newcastle International Airport - Future Partnering Arrangements (Key Decision: CORP/R/2005/004)

The item was withdrawn.

13 Former Civic Hall, Stanley (the Lamplight Arts Centre)

The Cabinet considered a report of the Corporate Director of Resources which provided background information in relation to the marketing and proposed disposal of the former Civic Hall, Stanley (known as the Lamplight Centre) (for copy of report, see file of minutes).

Moved by Councillor J Rowlandson, Cabinet Portfolio Holder for Resources, Investments and Assets, Seconded by Councillor E Scott, Cabinet Portfolio Holder for Economy and Partnerships; and

Resolved

That the recommendations in the report be approved.