



**Report of Corporate Management Team
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Purpose of the Report

- 1 On 16 January 2013, 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 last report, the government has maintained its focus on driving forward on the delivery of its major policy projects, with the emphasis in policy announcements shifting from policy development to the implementation and delivery of policy reforms outlined in the first half of this parliament.
- 3 The most significant announcements since the last report to Members relate to the following, outlined in more detail below:
 - Coalition government mid-term review;
 - Budget 2013;
 - Economic growth;
 - Planning;
 - Apprenticeships and vocational education;
 - Transport funding;
 - Welfare reform;
 - NHS and public health reform;
 - Care and support reform;
 - Children and families;
 - Safeguarding;
 - Education;
 - Remand and youth custody;
 - Supporting victims of crime;
 - Community Safety Fund;
 - Waste and carbon reduction;
 - Public services reform;
 - The Queen's speech.
- 4 Although the common themes of government policy around transparency, choice, community empowerment, localism and more diverse patterns of

public service provision are still evident, there is evidence to suggest that they are being pursued to varying degrees in actual implementation.

- 5 In response to the continuing slow rate of economic growth, the government has confirmed its intention to continue with its deficit reduction strategy to re-balance the economy and has placed more emphasis on stimulating growth.
- 6 In the Budget, the Chancellor confirmed that the deficit reduction programme will need to extend beyond 2015/16 into the next parliament and further detail on the additional spending reductions to be made are expected in the next spending review, which is due to be published on 26 June 2013.
- 7 Clearly, the various policy changes will have major implications for the council and the steps it is taking to develop an 'altogether better Durham'.
- 8 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 are responding accordingly. Wherever possible, the council and its partners are working together to respond proactively to the government's policy changes.
- 9 Members are recommended to note the contents of this report and the actions taken to anticipate and respond to the government's reforms.

Background

- 10 Cabinet has considered a number of periodic reports on government policy since the general election in 2010, the most recent report being on 16 January 2013. Where necessary, Cabinet has also received further policy reports on specific topics, such as changes to the NHS and health and social care and welfare reform. This report builds upon these previous briefings.

Update

- 11 The most significant policy announcements since the last report to Members in January 2013, relate to the following, which are outlined in more detail below:
 - Coalition government mid-term review;
 - Budget 2013;
 - Economic growth;
 - Planning;
 - Apprenticeships and vocational education;
 - Transport funding;
 - Welfare reform;
 - NHS and public health reform;
 - Care and support reform;
 - Children and families;
 - Safeguarding;
 - Education;
 - Remand and youth custody;
 - Supporting victims of crime;

- Community Safety Fund;
- Waste and carbon reduction;
- Public services reform;
- The Queen's speech.

Coalition government mid term review

- 12 On 7 January 2013, the government published its mid-term review, *The Coalition: together in the national interest*, to report progress against the coalition programme for government published in May 2010 and to outline future policy directions for the second half of this parliament.
- 13 Against the headings of fixing the economy, improving public services, building a better society, and standing tall in the world, the government reported progress on the steps it has taken, including measures to reduce the deficit, stimulate enterprise and growth, reform welfare, reorganise public services, promote social action, protect civil liberties and to protect and promote British interests abroad.
- 14 In terms of future policy reforms, the government signalled its intention to:
- a) support working families with their childcare costs;
 - b) build more houses and make home ownership a reality for more people;
 - c) set out plans for long-term investment in Britain's transport infrastructure;
 - d) introduce an improved state pension that rewards saving;
 - e) provide more help with the costs of long-term care;
 - f) take further steps to limit the scope of the state and extend individual freedoms.
- 15 Acknowledging that there were sometimes differences of opinion between the two parties in the coalition, the review suggested that the partners were clear on the major structural reforms which needed to take place and were working towards a shared mission 'to get Britain living within its means and earning its way in the world once again' and 'to help hard-working families get by and get on, so that everyone can reach their full potential.'

Budget 2013

- 16 On 20 March, the Chancellor of the Exchequer delivered his 2013 Budget.
- 17 Acknowledging that his deficit reduction programme would need to extend beyond 2015/16, he announced that government departments (excluding health and education) would need to make additional two per cent savings between 2013 and 2015 to enable an extra £3 billion per annum of investment in infrastructure projects from 2015/16. This amounted to a further £11.5 billion of departmental savings for 2015/16 (up from £10 billion).

- 18 Local authority allocations from the Department for Communities and Local Government will be protected from departmental cuts in 2013/14 but will be subject to the two per cent reductions alongside all other departments in 2014/15.
- 19 The one per cent cap on public sector pay increases is to be extended by a further year to 2015/16 and it is expected that local government pay will be adjusted during the spending review in June.
- 20 Departmental spending targets for 2015/16 will be confirmed in the next spending review which will be published on 26 June 2013.
- 21 Corporation tax is to be cut by an extra one per cent in 2015, offset by an increase in the Bank Levy and small businesses and charities will be entitled to £2,000 Employment Allowance per year towards National Insurance contributions from April 2014.
- 22 £1.6 billion of support is to be allocated later in 2013 for the national industrial strategy focusing on key industrial sectors, as recommended in Lord Heseltine's review of economic growth.
- 23 In addition, the Chancellor confirmed the establishment of Single Local Growth Funds and Local Growth Deals for Local Enterprise Partnerships (LEPs) and confirmed that local areas are to be asked to "put in place pro-growth policies and delivery arrangements as part of new Local Growth Deals."
- 24 A new Help to Buy housing scheme was introduced from April 2013, including the extension of loans of up to 20 per cent (up to £120,000) of the property value of newly built homes for buyers with a five per cent deposit (repayable on the sale of the property). The policy builds upon the FirstBuy scheme and extends mortgage assistance to all purchasers and not just first time buyers. A mortgage guarantee for lenders who offer mortgages to home buyers with deposits of between five per cent and 20 per cent is also being introduced.
- 25 The £200 million Build to Rent scheme is to be expanded to £1 billion and the existing affordable homes guarantee programme is to be doubled, with an additional £225 million, to provide an additional 15,000 affordable homes.
- 26 Following consultation last year, the government confirmed that social landlords will be permitted to charge commercial rents to tenants with incomes over £60,000 with new government support.
- 27 The Income tax threshold is to increase to £10,000 in 2014/15 and the 1.89 pence fuel duty increase planned for 1 September 2013 has been cancelled and the fuel duty price escalator abolished.
- 28 A Tax-Free Childcare Scheme is to be introduced from autumn 2015 where families can claim back 20 per cent of childcare costs (up to £1,200) per child (replacing the Employer Supported Childcare system) and increased childcare

support (worth £200 million) is to be introduced for low-income working families on Universal Credit.

- 29 A single-tier State Pension is to be introduced in 2016-17 (worth £144 per week) and a £72,000 cap on social care costs will be implemented from April 2016.
- 30 The Chancellor also announced measures to help the brewing industry, reducing beer duty by one pence and cancelling the price escalator on beer until 2014/15 when it will rise in line with inflation. Other types of alcohol will be subject to previously determined escalators.
- 31 On planning, the Chancellor announced that technical planning guidance is to be released by July 2013 on planning for shale gas as well as an appropriate licensing and regulatory system. By the summer, the government intends to consult on proposals to ensure communities benefit from local shale gas fracking.
- 32 Bespoke planning policies which support LEP Local Growth Deals are to be permitted and the government will consult on permitting the change of use of some agricultural and retail premises to stimulate growth and bring them back into productive use.
- 33 The main announcement was that the government intends to revisit planning policy guidance and that 'significantly reduced' planning guidance will be published in the summer.
- 34 To stimulate business, enterprise and promote innovation, research and development, corporate tax is to be reduced further, falling to 20 per cent in 2015/16.
- 35 Above the line credit agreements for large businesses investing in research and development are to be introduced from April 2013, which in effect will increase credit from 9.1 per cent to 10 per cent. Stamp Tax on shares for companies listed on growth markets (AIM, ISDX) is to be abolished from April 2014 and capital gains tax relief to be introduced for those selling a controlling stake in a company into to an employee ownership scheme.
- 36 Tax relief for social enterprise investors will be introduced following a consultation in the summer.
- 37 The Small Business Research Initiative Scheme is to be expanded to support SMEs bidding for public sector contracts and SME export support is to be increased by £140 million, in addition to £1.5 billion already announced to help the smallest companies to access growing markets overseas.
- 38 Investment in SMEs is to be supported further by the launch of a Business Bank strategy by the end of 2014 with an additional £1 billion of funding and a growth vouchers programme is to be introduced to help SMEs overcome barriers to growth.

- 39 As part of the growth sector strategy, an aerospace technology institute is to be created including £2.1 billion of investment for research and development over the next seven years. A further £600 million capital funding for science, research and innovation to support high-tech areas such as advanced materials and big data is to be provided and low carbon tax incentives will be made available for the manufacture of ultra-low emission vehicles. New tax reliefs are also to be introduced from April 2013 for animation, high-end television and video games industries alongside increased funding to support skills development in UK digital sector over next two years.

Economic growth

Heseltine review

- 40 Alongside the Budget, the government published its response to *No Stone Unturned*, Lord Heseltine's review of economic growth.

- 41 The government confirmed that it had accepted 81 of Lord Heseltine's 89 recommendations, around the following themes:

Unleashing local growth

- 42 Local Enterprise Partnerships (LEPs) are to be asked to develop strategic plans for local growth by spring 2014 to provide a basis for negotiating Local Growth Deals and finance with the government.

- 43 Un-ringfenced Single Local Growth Funds (also known as the Single Pot) will be introduced to support transport, housing and skills schemes in 2015 and, alongside EU funding, will align with LEP strategic plans.

- 44 Support will be provided for local authorities wishing to create 'combined authorities' for economic growth purposes, and emphasis will be placed on local authorities taking on accountability for local projects that LEPs support.

- 45 Each LEP will be assigned a senior Whitehall sponsor. In addition, 'local growth teams' will be created as a central point for Whitehall departments.

Transforming Whitehall in support of growth

- 46 All Whitehall departments will be expected to publish transparent growth commitments.

- 47 The functions of public bodies will be transferred to local levels and the private sector, for example the Small Business Research Initiative, whereby businesses are invited to find solutions to public sector challenges in a programme which is worth £100 million in 2013/14 and £200 million in 2014/15.

- 48 Ties will be improved between the civil service, businesses and representative bodies to deliver growth and central government procurement frameworks will be simplified and standardised.

Boosting government engagement with business

- 49 An industrial strategy will be taken forward by creating industrial strategy partnership councils around 11 key sectors (professional and business services; information economy; oil and gas; offshore wind; nuclear power; agri-tech; health; higher and further education; automotive; construction; aerospace).
- 50 Stronger links will be developed with researchers, universities and business to develop, support and maintain the UK's world class knowledge base.
- 51 Foreign and domestic investors will be engaged, including through the expansion of the Strategic Relationship Management programme.

Creating the conditions for long-term growth

- 52 Regulatory enforcement will be improved, to remove unnecessary burdens on business, and the EU Commission will be lobbied to reduce EU regulation.
- 53 The planning system will be reformed to improve speed and transparency and opportunities will be improved for the private sector to deliver infrastructure.

Fostering private sector growth

- 54 A business bank will be created to improve lending to small and medium sized enterprises.
- 55 Trade associations will be supported to become more effective and the competitiveness of manufacturing supply chains will be enhanced, with business schools encouraged to work more closely with local businesses.

Improving employment outcomes from the education and skills system

- 56 Post-16 vocational provision will be reformed to improve progression to employment or higher education and links will be improved between employers and education providers.
- 57 Underperforming schools will be challenged and the longer-term outcomes of education will be emphasised by publishing destination measures. Data will be published to ensure that local authorities reduce the numbers of young people not in education, employment or training (NEET) and UK immigration rules will be streamlined to enable businesses to recruit from abroad.

EU Funding and Transition Regions

- 58 EU funding plays a vital role in supporting sustainable, environmental, social and economic restructuring across the EU. The current funding period will close at the end of 2013 and the next period will begin in 2014. For the 2007-2013 period, these funds were worth approximately £13 billion to the UK – and specifically £8 billion for England.
- 59 The first major step in approving the EU budget for the 2014-2020 funding programme was achieved at the meeting of the European Council held in Brussels in February this year, subject to ratification by the European Parliament. The Structural Funds budget, which covers regional economic

development, sets the amount that the European Union will spend on addressing regional economic disparities after 2013.

- 60 In October 2012, the EU commission proposed that all areas within the EU are to receive funding in relation to three categories for the 2014-2020 period:
- More developed (regions with more than 90per cent of EU average GDP per capita)
 - Transition Regions (regions 75per cent to 90per cent)
 - Less Developed (regions with less than 75per cent)
- 61 Durham and Tees Valley possess a GDP of 78.5 per cent of the EU average which places the area firmly in the Transition Region Category – as such, the Durham and Tees Valley region will receive proportionally more funding than it had in the previous funding programme.
- 62 Attention has turned to how the UK government will allocate the funds awarded by the EU Commission. The government has indicated that no consultation is planned on the matter and Ministers will have the final say on the allocation. On 26 March 2013, the government announced the division of the total EU funds between the countries of the UK with England allocated €6,174 billion.

Single Local Growth Plan and EU Structural and Investment Strategy

- 63 As outlined in the government's response to Lord Heseltine's review, LEPs in partnership with their local authority members have been tasked, by government, to produce both the European Structural and Investment Strategy and strategic plans for the Single Local Growth Fund. In developing the plans, LEPs and local authorities will be expected to work with all relevant local partners. These multi-year plans will provide investment confidence for businesses and local authorities and build on any existing plans the local area has. They will also link up with on-going public programmes, for example existing City Deals or Enterprise Zones. Local authorities or other bodies, but not LEPs themselves, will deliver programmes and projects, ensuring that there are democratic and financial accountability structures in place.
- 64 The Single Local Growth Plan will be the basis on which the government negotiates deals with each area for new levers, resources and flexibilities. It needs to set out the area's vision, rationale, priorities, capacity and governance (including governance arrangements across its constituent local authority members). It will also include a high-level investment plan setting out anticipated activities and associated investment, as well as resources available from both local authorities and the private sector.
- 65 The Structural and Investment Funds are likely to start to be available to spend from around mid-2014, a year before the Single Local Growth Fund. Consequently, LEPs will need their Structural and Investment Fund Investment Strategies to be in place before completing negotiations with government over their full strategic plans for the Single Local Growth Fund. The preparation of the strategies will form a useful head start for the wider strategic economic plans.

- 66 LEPs will receive a notional allocation for 2014-2020 from the European Funds, but government departments will remain the managing authorities with regard to administering funds. The government will write to each LEP Chair shortly to give an indicative allocation to allow some degree of certainty to enable LEPs to start the strategy development process.
- 67 Each LEP and their partners will design a strategy which does all of the above as part of their wider plans for local growth. Initial priorities in relation to European funds are due in May 2013 and the individual Structural Fund and Investment strategies are due to be submitted to government in September which will form the partnership agreement between the UK and the European Union which will be submitted by the end of 2013. Final strategies for each LEP will be completed in January 2014 in time for the start of the operational programmes.
- 68 Further detail on how the government will take forward Lord Heseltine's recommendations is expected during the course of the year and the crucial question of how much government is prepared to devolve to the Single Pot will be answered in the spending review on 26 June.
- 69 As reported to Members in January 2013, the North Eastern LEP had commissioned Lord Adonis to chair an independent economic review for the North East. Lord Adonis presented the review findings on 11 April 2013 and a more detailed report on the conclusions and recommendations is included elsewhere on the agenda for this meeting of Cabinet. The report also covers the region-wide review of governance arrangements that the seven local authorities in the North East LEP area are undertaking. The review is considering functions that relate to economic development, regeneration and transport and will assess if the existing governance arrangements could be improved by the formation of a combined authority made up of the seven constituent authorities.

Planning

- 70 The Localism Act 2011 provides for the removal of the regional planning tier in a two-stage process. The first stage, to remove Part 5 of the Local Democracy, Economic Development and Construction Act 2009, which contains the regional planning framework, including Leaders' Boards, took effect when the Localism Act received Royal Assent on 15 November 2011. This prevents further strategies being created. The Act also provides the Secretary of State with an enabling power to revoke or partially revoke by order regional strategies outside London, constituting the second stage of the process.
- 71 In respect of the North East region, the Regional Strategy for the North East, which comprised of the regional spatial strategy - the *North East of England Plan Regional Spatial Strategy to 2021* published in July 2008 and the regional economic strategy - *Leading the Way Regional Economic Strategy for North East England 2006-2016* published in July 2006 were formally revoked on 15 April 2013 following an order laid before parliament.
- 72 The abolition of regional strategies reinforces the local plan as the keystone of the planning system and places responsibility on local authorities to tackle

cross-boundary, strategic matters in local plans through the duty to co-operate. In the absence of regional strategies, the statutory development plan comprises any saved county structure plan or local plan policies, adopted development plan documents and any existing neighbourhood plans.

- 73 The National Planning Policy Framework (NPPF), published in March 2012, confirmed that decision-takers could continue to give full weight to relevant policies adopted since 2004, "even if there is a limited degree of conflict with this framework", for 12 months following its publication. In other cases, and following the 12-month transitional period, due weight should be given to relevant policies in existing plans according to their degree of consistency with the framework. Decision-takers can also give weight to relevant policies in emerging plans.

Community Infrastructure Levy

- 74 In terms of the Community Infrastructure Levy (CIL), further amendments in the form of the Community Infrastructure Levy Amendment Regulations 2013 came into force on 25 April 2013. The regulations specifically introduce the requirement for charging authorities to pass a proportion of levy receipts to those town and parish councils where development has taken place. In un-parished areas (or where no community council exists), the charging authority will retain the funding, but will need to engage with communities where development has taken place and agree on how best to spend the neighbourhood funding.
- 75 A consultation on further CIL reforms to the levy has just closed. The consultation proposed that the date from which local authorities will be restricted in their use of section 106 agreements would be pushed back by a year.
- 76 Under existing regulations, local authorities will be restricted in their use of planning obligations for pooled contributions, under which they may seek financial contributions from up to five separate planning obligations to fund an item of infrastructure not intended to be funded by CIL, from 6 April 2014. The Department for Communities and Local Government (DCLG) has proposed to move the date to April 2015.
- 77 DCLG proposes to allow charging authorities to choose to accept provision of on-site or off-site infrastructure to fulfil a developer's CIL liability. Currently, local authorities can accept such payments in the form of land payments. However, the proposals would allow them to accept land payments, infrastructure provision or a combination of both.
- 78 DCLG also proposes to introduce a requirement for local authorities to demonstrate that they have struck an appropriate balance between the desirability of funding infrastructure from the levy and the potential effects of the levy on the economic viability of development across the area. Currently, local authorities must "aim" to strike such a balance and use "appropriate available evidence" to inform their decision.
- 79 Other proposals set out in the document include allowing differential rates based on the scale of a development, an extension of the consultation period for a draft charging schedule from a minimum of four weeks to a minimum of

six weeks and a requirement for local authorities to make their list of infrastructure they intend to fund by the levy available during the rate setting process.

Growth and Infrastructure Act

- 80 The Growth and Infrastructure Act 2013 received royal ascent on 25 April. The Act contains a series of reforms intended to boost growth and the provision of infrastructure, plus one clause whereby employers can offer employees shares in exchange for giving up some of their employment rights. The main elements of the Act and its associated measures are intended to:
- kick-start major infrastructure work with the removal of a regulatory barrier to a £160 million investment programme in the gas network;
 - giving developers of large scale business and commercial development the option to fast-track major projects while keeping community consultation;
 - speeding up super-fast broadband roll-out to local homes and firms.
- 81 In relation to housing, the Act allows the reconsideration of Section 106 agreements in relation to affordable housing and changes have been made to permitted development householder rights, which allow single-storey extensions of up to eight metres to be built on homes without the need for planning consent. An amendment to the Growth and Infrastructure Bill was introduced in the House of Lords in March 2013 that would have allowed councils to opt-out of relaxed home extension planning rules. However, the government won a vote in the House of Commons to reject it, by 286 votes to 259.
- 82 On 9 April 2013, the Secretary of State put forward a revised approach which included a “light-touch neighbours consultation scheme”. The compromise received the backing of the House of Lords on 22 April 2013. Under these proposals, which will require secondary legislation, homeowners wishing to build extensions under the new powers would have to notify their local council with the details. The council would then inform the adjoining neighbours. If no objections are made to the council by the neighbours within 21 days, the development could proceed. If objections are raised by neighbours, the council would consider whether the development would have an unacceptable impact on the neighbours’ amenity. There is no cost to the homeowner for this process which places an additional financial burden on local authorities.
- 83 The Act also includes other planning system changes, which include reducing the volume of extra paperwork required with a planning application, removing over-lapping development consent regimes that require multiple extra permissions from different government agencies and allow planning applications to go to the Planning Inspectorate where a council has consistently failed to meet statutory requirements to consider applications on time. In addition, legislation has been reformed on town and village greens to remove an overlapping consent process from the registration system which conflicted with the democratically accountable planning system. The existing strong protection for registered greens is unchanged.

- 84 Other elements of the Act include creating a new employment status of 'employee shareholder' and preventing unexpected rises in business rates over the next five years.

Neighbourhood Planning

- 85 Neighbourhood plans are a new right for communities to decide the future of the places where they live and work. It allows them to choose where they want new development to be built. They can have their say on what those new buildings should look like and what facilities should be provided. They can also grant planning permission for the new buildings they want to see go ahead.
- 86 A few support measures for neighbourhoods and local authorities have been announced in recent months. From 1 April 2013, local planning authorities will be able to claim for up to 20 designation payments (£100,000) in the financial year 2013 to 2014. The overall limit for designation payments in 2013 to 2014 has been set at £5 million. In total, local planning authorities can claim up to £30,000 for each neighbourhood plan. The first payment of £5,000 will be made following designation of a neighbourhood area, recognising the officer time supporting and advising the community in taking forward a neighbourhood plan. The second payment of £5,000 will be made when the local planning authority publicises the neighbourhood plan prior to examination. The third payment of £20,000 will be made on successful completion of the neighbourhood planning examination. This money recognises the duties that local authorities have in relation to neighbourhood planning. These are to provide advice and assistance, to hold an examination and to make arrangements for a referendum.
- 87 In addition, the Neighbourhood Planning Fund and Support Programme opened on 1 May 2013 and will last for two years. Groups will be able to bid for up to £7,000 each to help them produce their plan. The funding is underpinned by direct support and networking opportunities. Communities will be able to submit applications for support and grants from 1 May. The contract to deliver the new programme has been awarded to Locality, in partnership with the Royal Town Planning Institute, Planning Aid England, the Community Development Foundation, Urban Vision Enterprise, Eden Project and URS.

Skills, apprenticeships and vocational education

- 88 Alongside the Budget, the government launched a consultation on *The Future of Apprenticeships in England: Next Steps from the Richard Review*. On 3 April 2013, the government published a policy paper on skills, entitled *Rigour and Responsiveness in Skills*, which sets out the steps it proposes to take to ensure that education and training providers deliver the skills and qualifications which learners and employers want. In summary, this will be achieved through:
- a) raising standards by making the system more professional and intervening in poor provision;
 - b) creating traineeships to prepare young people for work;

- c) reforming and improving the quality of apprenticeships;
- d) making qualifications relevant and valued;
- e) using funding to make provision more responsive;
- f) giving employers and individuals the information to make the right choices.

89 A key element of the action plan is to encourage LEPs to take a leading role by setting skills strategies for their areas, as part of their remit to achieve growth and development for their communities. In response to Lord Heseltine's report, the government intends to include an element of skills funding within the Single Local Growth Fund, to enable LEPs to influence local training and skills provision in their areas.

90 The government has also published a consultation document, *The Future of Apprenticeships in England: Next Steps from the Richard Review*, outlining its proposed response to Doug Richard's review of apprenticeships which was published in November 2012.

91 Mr Richard's principal recommendations were that apprenticeships should be redefined to focus where they can add most value, to strengthen the brand, to raise the level of ambition, and that the core of apprenticeships should be about the relationship between employers and the apprentice, with apprenticeships being redefined to focus on quality, rigour and transferability.

92 In response, the government proposes 14 points, including:

- a) apprenticeships must be available to all ages and enable an individual to gain both the skills to excel at their current job and the core competences to apply these skills to other jobs in their sector. Apprenticeships should also relate to a real job role, not simply train an individual in a generic set of skills and have a standard which is challenging and ambitious;
- b) apprenticeships at level 3 will continue where the breadth and stretch of skill required for that job makes it suitable for an apprenticeship. However, it is envisaged that more apprenticeships will target achievement to a higher level and significant growth is expected to continue at level 4 and above;
- c) such 'traineeships' will offer unemployed people aged 16 to 24 years a combination of extended work placements, work skills training, English and maths, and other support suited to enable them to prepare for apprenticeships and other employment opportunities;
- d) a major overhaul in the structure of current apprenticeships is required to ensure that employers are at the centre of designing apprenticeship standards and qualifications, and that these should be focused on the outcome;
- e) the statutory duty on schools to secure access to independent and impartial careers guidance for pupils in years 9 to 11 on the full range of post-16 education and training options, including apprenticeships, will be extended to years 8 to 13 from September 2013, to ensure that

young people get the advice they need at key transition points. An equivalent requirement will be extended to 16 to 18 year-olds in colleges through funding agreements.

- 93 On 11 April 2013, the government opened a consultation on 16-19 vocational education reform, seeking views on proposals to determine which level 3 vocational qualifications taken by 16 to 19 year-olds will be included in future performance tables.
- 94 This will be based on introducing two separate categories of vocational qualification – ‘applied general’ and ‘occupational’ and introducing set standards to merit inclusion in performance tables. Although the reforms will not prevent other qualifications being offered, only applied general and occupation qualifications which meet the standards will be recognised for inclusion in performance tables.
- 95 In the autumn this year, the government intends to publish a list of high value 16 to 19 vocational qualifications, which will then be updated on an annual basis, in the same way as the list for 14 to 16 year-olds has been since 2011.
- 96 The reform is expected to significantly reduce the number of courses counted in the school and college performance tables (currently about 4,000) and to lead to substantial changes to some qualifications in order to meet the new standards.
- 97 Given the scale of changes required, a lower ‘interim’ standard for a grace period of two years will be introduced to provide awarding organisations time to work with employers to redevelop qualifications to meet the full standard.
- 98 The consultation also seeks views on whether the government should fund learners who are over 19 to take vocational qualifications that meet the new characteristics, but do not conform to the Qualifications and Credit Framework (QCF).

Transport funding

- 99 As an update to the Cabinet reports in January and February 2013, bids went forward for three schemes to the Local Transport Body for the devolved Local Major Transport Scheme funding. The schemes included a new train station on the Durham Coast Railway Line at Peterlee/Horden; the Western Relief Road for Durham City and a combined bid for the Durham Urban Traffic Control System and a new Bus Station in Durham City. In total 21 schemes were submitted to the Local Transport Board for funding in the 2015-2019 period. An announcement is expected in July when the Local Transport Body will submit the preferred schemes to the Department of Transport following completion of the prioritisation and assurance process.
- 100 In February 2013, the council also submitted a bid to the New Stations Fund for a new train station on the Durham Coast Railway Line at Peterlee/Horden. In total 14 bids were made for the £20 million of funding. An announcement on the winning bids is expected shortly.

- 101 On 4 April 2013, £40 million of funding was announced by the Department for Transport (DfT) to improve dangerous routes and junctions. The money will be made available to improve the design and layout of roads at 78 locations across the country, with all schemes due for completion within the next 12 months. £3.29 million of funding has been announced for the North East including a grant of nearly £101,000 for improvements to routes east and south of Durham City.

Integrated Transport Block consultation

- 102 The DfT consultation which ran between 12 December 2012 and 6 March 2013 concerned the calculation and distribution of a capital block grant that the DfT allocates by formula to local transport authorities in England outside London. The grant is the Integrated Transport Block capital funding for small transport improvement schemes. The consultation closed on 6 March 2013. The government is currently considering responses and the new formula is proposed to be in place in time for the 2015/16 allocations. The council submitted a response to the consultation.
- 103 This funding is currently allocated by the DfT according to a needs formula based on six elements: deprivation, road safety, public transport, air quality, congestion and accessibility. It is proposed to amend the formula to incorporate new indicators based on a combination of performance, economic and environmental factors. The DfT has confirmed that there is no proposal to simplify the process, for example by distributing funding on a population basis. The consultation puts forward three options which the DfT invited comments on:

Option 1 – Formula based on need and improvement. This would involve splitting the formula so that, where possible, 75 per cent of funding is allocated according to the current needs-based formula and the remaining 25 per cent on the basis of continuous improvement using trend data;

Option 2 – Needs-based only. The current formula with the addition of carbon emissions and economic growth;

Option 3 – Formula based on need and improvement with additional data allocated using the formula for Option 1 above, with the addition of needs and trend-based carbon emissions and needs-based economic growth.

Integrated Transport Block Funding				
	Allocation 2014/15	Option 1	Option 2	Option 3
Durham	£4,475,000	£4,460,000	£4,287,000	£4,271,000
% change		-0.34%	-4.22%	-4.76%

- 104 It is worth noting that a separate consultation carried out by the DfT recently supported the distribution a devolved major scheme funding on a population basis. This is significantly at odds with the approach proposed in this consultation which has specifically ruled this option out.

Welfare reform

- 105 The welfare reform programme has continued at pace with the under occupancy charge (otherwise known as the 'spare room subsidy' or 'bedroom tax') coming into force and pilots for the benefits cap, Universal Credit and Personal Independence Payments (PIPs) commencing. However, the government's welfare reforms continue to cause controversy and there has been increasing media coverage of the changes and the consequences they will have on the individuals and communities affected.

Personal Independence Payments

- 106 The trials for the new Personal Independence Payment (PIP) award began on 8 April 2013 in Merseyside, north-west England, Cumbria, Cheshire and parts of north-east England including County Durham. From June 2013, the Department for Work and Pensions (DWP) expect to take new claims for PIP from all parts of the country.
- 107 On 31 January 2013, Ministers announced plans to amend the Regulations on PIP, to make clear that, when assessing whether an individual can carry out an activity, consideration must be given to whether they can carry out that activity safely, to an acceptable standard, repeatedly, and in a reasonable time period.
- 108 However, a legal challenge is currently being heard in relation to the mobility limits for the new PIP award. The claimant's case is that the official consultation did not state that the new PIP mobility limit was to be reduced from being able to walk for 50 metres to being able to do so for 20 metres.

Universal Credit

- 109 On 11 February 2013, the DWP published a consultation document on the Universal Credit Local Support Services framework. This sets out a high level approach to building local delivery partnerships to support the implementation of Universal Credit, including funding to cover the incremental costs of supporting the transition to UC and incentives for local partners, working together, to help claimants move towards self-sufficiency and independence. The framework is to apply to phase two of the Universal Credit programme from October 2013 to 2014, however the government has indicated that they will amend the document in light of the pilots and will provide a refreshed version for 2014/15.
- 110 The plans for the introduction of UC continue to generate controversy amid concerns about the realism of implementing such a significant change in the timescales initially envisaged. Since the last update to Cabinet on 9 March 2013, a new programme manager, Howard Shiplee has been appointed to oversee the implementation, however there continue to be reports in the press regarding the ability of the project to be delivered on time, particularly in relation to the complex new ICT systems that are required.
- 111 Some commentators have noted a shift in government terminology relating to UC, from 'digital by default' (with 80 per cent of applications planned to be

made online) to 'digital as appropriate'. In part, the change is seen as reflecting concerns about the readiness of the ICT systems, but it also reflects concerns over the IT literacy of some claimants. For example, the results from Dumfries and Galloway which is one of the pilot areas, indicate that the number of benefit claimants using the online service fell during the trial, while paper applications have increased.

- 112 Some of these concerns have been highlighted in the Communities and Local Government Select Committee's report reviewing the implementation of welfare reform by local authorities. The Committee concluded that the transition to Universal Credit may leave the benefit system vulnerable to fraud due to issues with the ICT systems supporting the new credit. The Committee also highlighted the difficulties faced by local authorities in terms of supporting the implementation and the additional risks faced by authorities through increased rent arrears and non-payments.
- 113 Evidence from the pilot areas has shown significant increases in rent arrears in some areas. For example, arrears among tenants of Wakefield and District Housing in West Yorkshire have increased from an average of two per cent to 11 per cent in the pilot projects. Similarly, Bron Afon Community Housing in south Wales has reported a 50 per cent increase in arrears, while pilot projects in Edinburgh, Oxford and Southwark are reporting 30 per cent increases.
- 114 Further doubts regarding the UC programme have also been raised in the press following the announcement on 28 March that the DWP would only progress one of the planned four Universal Credit pilots in April 2013, with the start dates for the remaining pilots put back to July 2013.

Benefit Cap

- 115 The pilots for the Benefit Cap began in four London authorities - Bromley, Croydon, Enfield and Haringey at the beginning of April.
- 116 Initial estimates provided in April 2012 by the DWP on the impact of the benefit cap, indicated that 56,000 households in the UK were expected to be affected by the cap. The DWP has reviewed and updated their figures and their latest estimate is that around 40,000 households will now be impacted.

Housing benefit

- 117 The proposed changes to housing benefit have raised concern and comment. On 26 March 2013, the Public Accounts Committee published a report on the reforms and concluded that:
- a) the department is relying on a 'wait and see' approach to identify the impact of housing benefit reform on issues such as homelessness;
 - b) awareness of the reforms and their impact was worryingly low;

- c) the housing benefit reforms are designed to save £6.2 billion by 2014/15, but the delivery of these savings is uncertain, and indeed the costs of funding housing benefit could increase when social rents rise;
- d) it is not clear whether the increased funding to local authorities will be enough to help claimants as the reforms are implemented through Discretionary Housing Payments.

118 To support the implementation of online housing benefit claims, the government has announced a new 'Digital deal' fund for social landlords to run innovative projects for tenants to encourage the development and improvement of online skills.

Social Sector Size Criteria (SSSC)

119 The government announced on 12 March 2013 that they would amend the rules relating to Discretionary Housing Payments to ensure that there was additional protection for those serving in the armed forces and for foster families. Following a judicial review brought by Burnip, Trengrove and Gorry related to disabled children being required to share rooms under the proposed changes, the Secretary of State made a statement on 13 March that the rules would be changed to allow local authorities to enable these children to have their own rooms. The final amended guidance was published on 2 April 2013.

Independent Living Fund

120 A judicial review was launched regarding the legality of the decision to close the Independent Living Fund from 2015.

121 The challenge was based on the allegation that there had not been clear reasons given for closing the fund, the consultation featured inadequate information on the differences between the fund and local authority assessment and provision, and there has not been proper assessment of the impact of the change on disabled people's ability to live and work independently.

122 The application for review was been turned down by the court, with the judge concluding that although there were many issues outstanding relating to the fund, the consultation process had been lawful.

New Burdens funding

123 The DWP has announced it is to distribute £24.1 million of New Burdens funding to local authorities for 2013/14, relating to four different aspects of the government's welfare reform programme:

- Implementation of Universal Credit (£500,000);
- Reductions to Local Housing Allowance (£6.2 million);

- Removal of the 'spare room subsidy', also known as the 'bedroom tax' (£7.5 million);
- Introduction of the overall benefit cap (£9.9 million).

124 The council has been allocated £182,262 from the funding.

NHS and public health reform

125 Members received a comprehensive briefing on progress with NHS and public health reforms at the meeting of Cabinet on 10 April 2013. A key development has been the publication of the Francis Inquiry report into care provided by the Mid Staffordshire NHS Foundation Trust. The report included recommendations to improve patient involvement and feedback and arrange staff listening events across the NHS, revise the NHS Constitution to make it more patient-focused, and ensure that healthcare staff undertake frontline work experience before embarking on their training, so that they have an inclination towards patient care and understand what a career in healthcare entails.

126 A further report on progress with the health reforms will be brought to Cabinet on 17 July 2013.

Care and support reform

127 In the Budget, the government confirmed plans to introduce a new funding model for adult social care, based on the Dilnot recommendations. There will be a cap of £72,000 on the costs an individual has to pay to meet their eligible care and support needs, and there will be an extension to the asset threshold in the financial means test for residential care, from £23,250 to £118,000. The government also announced that the commencement date for the new system would be brought forward by a year to 2016.

128 Working closely with the Department of Health, the Local Government Association (LGA) has set up a Dilnot Implementation Group, which met for the first time on 11 April 2013. The group will develop the LGA's approach to the implementation of funding reform, including the capped cost model, deferred payment agreements, information and advice, engagement on the legislative framework for funding reform and on the consultation which is due to begin in the summer of this year.

129 The Queen's speech on 8 May 2013 outlined a draft Care Bill to modernize more than 60 years of care and support law into a single, clear legal statute. The bill will reform care and support funding by creating a cap on care costs and extend the means test threshold for financial assistance. Carers will have a right to receive support from their local council, who will have a duty to meet carers' eligible needs for support. A new adult safeguarding framework will also be introduced. Continuity of care will also be ensured when people move between local authority areas. There will also be a new legal entitlement for everyone to a personal budget, providing greater choice and control.

Integrated Care and Support

- 130 On 13 May 2013, the Department of Health published *Integrated Care: Our Shared Commitment* and sent a letter of invitation to local authority chief executives, chairs of Health and Wellbeing Boards, clinical commissioning group (CCG) clinical leads and provider chief executive officers across the social care and health system, inviting expressions of interest from local areas to become integration 'pioneers' in integrating health and social care services.
- 131 It is intended that pioneers will work across the whole of their local health, public health and social care systems and alongside other local authority departments and voluntary organisations as necessary, to achieve and demonstrate the scale of change which is required to integrate health and social care services. Local areas could consist of the area covered by a particular CCG or a local authority, or a larger footprint in which different authorities and health bodies work together to enable integrated services. The size of area needs to be sufficient to enable integration on a scale which will make a real difference.
- 132 Expression of interests have to be submitted by 28 June 2013 and the issue is being considered later this month by the County Durham Health and Wellbeing Board, which includes the Corporate Director, Children and Adults Services and relevant portfolio holders.
- 133 This is the first call for expressions of interest and the government expects there will be further calls in future years as momentum builds and progress is made across England.

Children and families

Children and Families Bill

- 134 On 4 February 2013, the Children and Families Bill was introduced to parliament and received its first reading. The bill which was first announced in the Queen's Speech in May 2012 aims to improve provision for children with special educational needs, reform court processes involving children, strengthen the role of the Children's Commissioner and make parental leave more flexible.
- 135 The Bill will allow for:
- a) current special educational needs assessments to be replaced by a single, simpler 0 to 25 assessment, with full statutory protections;
 - b) personal budgets to be given directly to parents and young people, and local authorities and health services to jointly plan and commission services;
 - c) delays in adoption proceedings to be reduced, by downgrading the priority given to finding an ethnic match between the child and his or her prospective adopters;
 - d) changes to family law that will see care cases completed within six months, the removal of unnecessary processes in family proceedings,

and greater focus placed on ensuring children have a relationship with both their parents after family separation;

- e) the introduction of flexible parental leave, which will allow parents to share caring responsibilities in a manner of their choice;
- f) the Office of the Children's Commissioner to be granted greater powers to protect children's rights, and to become more independent from Ministers, with the power to carry out assessments on the impact of policies and legislation on children.

136 At the end of last year the government set out a package of reform measures aimed at improving adoption support. *Supporting Families who Adopt* includes proposals to:

- a) give adoptive parents the same rights to pay and leave as birth parents;
- b) publish an Adoption Passport informing adoptive parents about what support they can expect; and
- c) pilot personal budgets which will enable parents to have a freer hand in choosing the right support for their family.

137 On 24 January 2013, the Minister for Children and Families announced *Further Action on Adoption*, the government's next steps in tackling delays in the adoption process.

138 In order to speed up the adoption approval process and increase the number of approved adoptors, the following measures were announced:

- a) A new legislative power which would allow the Secretary of State if required, to require local authorities to seek approved adoptors from other organisations;
- b) Returning to local authorities the £150 million Early Intervention Grant topslice, announced in the Local Government Settlement for 2013-14, in the form of the Adoption Reform Grant, to help to secure reform of the adoption system. The grant will be in two parts. £100 million will not be ring-fenced and will be available to local authorities to support adoption reform. It will enable local authorities to target funding at the entire adoption process and the specialist support children need. Local authorities will retain the discretion to use this funding to address their highest priority needs, such as the major backlog of children waiting for adoption. The remaining £50 million will be ring-fenced to support local authorities to address structural problems with adopter recruitment, particularly the uneconomic fee that local authorities are charged for adoptors approved by other authorities which is lower than that charged by voluntary adoption agencies. It will also help in the search for adoptors willing and able to take children who are more difficult to place, and so tend to wait longer for new homes.

- c) A new £1 million grant to the Consortium of Voluntary Adoption Agencies to enable it to pump-prime local voluntary adoption agencies to recruit more adopters. The grant which has been available since February 2013 is intended to make it easier for agencies to take more innovative and collaborative approaches to adopter recruitment.

Statutory guidance for local authorities on the participation of young people in education, employment and training

- 139 On 21 March 2013, the government published statutory guidance for local authorities on the participation of young people in education, employment or training.
- 140 The guidance relates to two new duties placed on local authorities in relation to 16 to 17 year olds, under Part 1 of the Education and Skills Act 2008:
 - a) To promote the effective participation in education or training of 16 to 17 year olds, with a view to ensuring that such people fulfil the duty placed on them to participate in education or training;
 - b) To make arrangements to enable a local authority to establish the identities of 16 to 17 year olds belonging to its area, but who are failing to fulfil the duty placed on them to participate in education or training.
- 141 The guidance primarily identifies the key responsibilities of local authorities in relation to raising the participation age and promoting the participation of 16 and 17-year-olds. In the main, it leaves it to local authorities to decide what arrangements they make to meet the needs of pupils and ensure that sufficient appropriate opportunities are available. These opportunities should be made available within existing budgets and funding routes.
- 142 Councils are expected to take a local leadership role in working with local partners including schools, colleges, Jobcentre plus and training providers to ensure that young people fulfil the new duty to participate placed on them and that there are sufficient opportunities to do so.
- 143 Currently, Part 1 of the Act places a duty on all young people to participate until the end of the academic year in which they turn 17. From 2015, this will rise to their 18th birthday.

Safeguarding

- 144 On 15 April 2013, revised statutory guidance, *Working Together to Safeguard Children (2013)* came into effect.
- 145 The new guidance streamlines previous guidance documents to clarify the responsibilities of professionals towards safeguarding children and strengthens the focus away from processes and onto the needs of the child.
- 146 It emphasises that effective safeguarding systems are those where:

- a) the child's needs are paramount, and the needs and wishes of each child, should be put first, so that every child receives the support they need before a problem escalates;
- b) all professionals who come into contact with children and families are alert to their needs and any risks of harm that individual abusers, or potential abusers, may pose to children;
- c) all professionals share appropriate information in a timely way and can discuss any concerns about an individual child with colleagues and local authority children's social care;
- d) high quality professionals are able to use their expert judgement to put the child's needs at the heart of the safeguarding system so that the right solution can be found for each individual child;
- e) all professionals contribute to whatever actions are needed to safeguard and promote a child's welfare and take part in regularly reviewing the outcomes for the child against specific plans and outcomes;
- f) local areas innovate and changes are informed by evidence and examination of the data.

147 The principal changes to the previous guidance are that:

- a) Local Safeguarding Children Boards (LSCBs) should publish a 'threshold document' that includes the criteria for when a case should be referred to local authority children's social care and statutory services and the process for the early help assessment and the type and level of early help services to be provided;
- b) within one working day of a referral being received, a local authority social worker should make a decision about the type of response that is required and acknowledge receipt to the referrer. A maximum timeframe has been set for the assessment to conclude, such that it is possible to reach a decision on next steps, while acknowledging that depending on the needs of the particular case, the assessment may need to be done more quickly;
- c) local authorities, with their partners, should develop and publish local protocols for assessment;
- d) every LSCB should have an independent chair;
- e) LSCBs should maintain a local learning and improvement framework which is shared across local organisations who work with children and families;
- f) reviews should be conducted regularly, not only on those cases which meet statutory requirements, but also on other cases which can provide valuable lessons about how organisations are working together to safeguard and promote the welfare of children;

- g) the different types of review have been clarified and there is no longer any requirement for organisations to undertake Individual Management Reviews (IMRs);
- h) a national panel of independent experts on Serious Case Reviews (SCRs) will advise LSCBs about the initiation and publication of SCRs;
- i) the guidance emphasises that a Serious Case Review should always be carried out if a child dies by suspected suicide (and abuse or neglect was believed to be a factor);
- j) LSCBs may use any learning model which is consistent with the principles in the guidance, including the systems methodology recommended by Professor Munro;
- k) final reports of SCR findings must be published on the LSCB's website for a minimum of 12 months. The reports should provide a sound analysis of what happened in the case, and why, and what needs to happen in order to reduce the risk of recurrence;
- l) be written in plain English and in a way that can be easily understood by professionals and the public alike; and
- m) be suitable for publication without needing to be amended or redacted.

Education

Inspection of local authority education support services

- 148 On 5 February 2013, the Office for Standards in Education, Children's Services and Skills (Ofsted) published a consultation, *A good education for all: inspection of local authority services*, on a proposed new framework for the inspection of local authority services for supporting improvement in schools and other providers.
- 149 Ofsted intends to introduce what it describes as 'a sharply focused and bespoke inspection framework' to evaluate the effectiveness and impact of education and training functions provided by local authorities, where schools and other providers are not yet good or where they are not improving quickly enough.
- 150 In summary, the new framework will be based on the following:
- a) Ofsted will carry out individual inspections of the education and training function of local authorities where information about schools and other providers in that area indicates that standards and effectiveness are either too variable or not yet good;
 - b) Inspection will be focused only on where it is needed most. Ofsted will develop an inspection framework for those local authorities that are identified for inspection. It is not intended to inspect all local authority education functions to either a prescribed and/or regular interval;

- c) Ofsted will not use the current four-point scale to judge effectiveness (that is, outstanding, good, requires improvement or inadequate), but instead will evaluate the strengths and weaknesses of the functions inspected and consider whether they are being exercised effectively or not;
- d) Inspectors will report against a published evaluation schedule, which will specify quality criteria. Consultation events and the outcomes of a good practice survey will influence the development of this;
- e) Ofsted will report and publish the findings in a letter rather than in a lengthy report;
- f) For those local authorities deemed not to be exercising their duties effectively, inspectors will consider whether the local authority will require re-inspection after a suitable interval.

151 Ofsted is yet to publish the results of the consultation, although it is understood that it intends to implement the new framework in the near future.

Secondary school performance data

152 On 7 February 2013, the government opened a consultation on *Secondary school accountability*, outlining proposals to help parents and the public to hold schools to account for their performance by publishing more data on how schools perform in relation to pupil attainment and tracking performance over time.

153 The current performance measure floor standard is based on the five A*-C including English and mathematics measure. The government believes that this is too narrow a measure and can encourage an excessive focus on pupils around the 'C/D' grade boundary at GCSE to the detriment of others.

154 The proposal is to publish more extensive data about secondary school performance through a new schools performance data portal website. This would include:

- a) a measure showing the percentage of pupils achieving a 'pass' in English and mathematics. This measure would be part of a new floor standard for performance;
- b) an 'average point score 8' measure, which would have one slot reserved for each of English and mathematics, and three slots reserved for other English Baccalaureate (EBacc) subjects: sciences, computer science, geography, history and languages. The remaining three slots could be taken up by further qualifications from the range of EBacc subjects, or any other high value arts, academic, or vocational qualifications (as set out on the Department's list of vocational qualifications approved for inclusion in performance tables).

155 A key progress measure would be based on these eight qualifications, and calculated using a value added method, using end of Key Stage 2 results in English and mathematics as a baseline. This progress measure would be part of the new floor standard.

- 156 Schools would have to meet a set standard on both the threshold and progress measure to be above the floor.
- 157 In addition, sample tests in Key Stage 4 would be introduced to track national standards over time.
- 158 The results of the consultation are expected to be published later this summer.

Schools capital funding

- 159 On 1 March 2013, the Secretary for State for Education announced details of capital funding that will be made available to create new school places and to carry out maintenance and repair work to existing school buildings.
- 160 He confirmed that the government would allocate capital funding for basic need of £1.6 billion covering the two years 2013/14 and 2014/15, an increase of £200 million from 2012/13.
- 161 He also announced the launch of a Targeted Basic Need Programme, funded by an additional £982 million announced in the Autumn statement for investment in schools in England over the remainder of this parliament. The programme will fund new school places in areas that need it most and will offer additional support to those local authorities experiencing the greatest pressure on places, helping them to prepare for further rises in pupil numbers. The programme will deliver new academies and free schools, as well as enabling investment to expand existing good and outstanding schools.
- 162 Local authorities will be able to bid for funding to increase the number of school places available in areas with the most acute levels of need. All new schools will open as academies or free schools and successful local authorities will be required to run a competitive process in order to select the best provider. This will enable greater parental choice where it is most needed, thereby driving up standards across the local area.
- 163 An additional £1.2 billion will be made available in 2013/14 to local authorities and academies to maintain and improve the condition of existing school buildings across the country.
- 164 £80 million has also been allocated for capital funding for 16-19 provision for 2013/14 and 2014/15 to maintained schools, Academies, sixth form colleges and independent specialist providers, to fund additional places needed as a result of demographic changes.
- 165 County Durham has been allocated £10,119,099 in 2013/14 from the allocation for Devolved Formula Capital and maintenance, of which £8,277,228 would come to the council with the remaining going to the voluntary aided sector. A further £433,606 has been allocated to the county for Basic Needs over two years: £216,803 per year for 2013/14 and 2014/15.

University tuition fees

- 166 On 11 March 2013, the Minister for Universities and Science confirmed that tuition fees and tuition loans for full time students would be maintained at the same level for 2014/15 as in 2013/14 - £6,000 and £9,000 respectively.
- 167 The same applies for part time students where tuition fees and tuition loans have been frozen at £4,500 and £6,750 in 2014/15.

Local authority responsibilities in relation to early education and childcare

- 168 On 25 March 2013, the government published a consultation on proposed changes to the role of the local authority in early education and childcare.
- 169 It wants local authorities to focus on ensuring that all two, three and four-year olds, particularly the most disadvantaged, take up their entitlement to funded high-quality early education.
- 170 In order to facilitate this, the government proposes to make the following changes, either by introducing legislation at the earliest opportunity, or through statutory guidance:
- a) Guarantee an offer of funding for all providers of a quality assessed by Ofsted, or an inspection body approved by the Secretary of State, as 'satisfactory', 'good' or 'outstanding' where there is an eligible child wanting to take up an early education place;
 - b) Guarantee an offer of funding for new early education providers, which have been registered with Ofsted, prior to their first full Ofsted inspection;
 - c) Limit the extra conditions that local authorities can place on private, voluntary and independent (PVI) early education providers in order for them to qualify for funding to deliver places;
 - d) Remove the existing duty on local authorities to secure information, advice and training for childcare providers, but give local authorities power to offer it; and
 - e) Reform the early education funding system, by encouraging local authorities to simplify their funding formulae and to limit the amount of centrally retained spend.
- 171 The results of the consultation and the government's response are expected to be published in early June 2013.

Remand and youth custody

- 172 In January 2013 the government consulted on amending the Care Planning, Placement and Case Review Regulations 2010, in the light of the Legal Aid, Sentencing and Punishment of Offenders Act 2012, which placed a responsibility on local authorities towards all young people who have been

remanded into either local authority or youth detention accommodation, such that they are considered to be looked after.

- 173 The Care Planning Regulations have subsequently been amended to take this change into account for children who become looked after solely as a result of being remanded.
- 174 The Act also introduced a new remand framework for young people appearing before the courts and allowed for the transfer of funding responsibilities from the Youth Justice Board (YJB) to local authorities for all young people remanded to youth detention accommodation (YDA) and for the transfer of 'New Burdens' funding from the YJB to local authorities to 'offset' these burdens.
- 175 The new remand framework places a young person remanded to Youth Detention Accommodation, into one of three 'sectors' of accommodation:
- i. Secure Children's Home (Local Authority);
 - ii. Secure Training Centre (Private);
 - iii. Young Offenders Institution (National Offender Management Service, Prison Service).
- 176 The placement decision is taken by a national body, the YJB Placement Service based upon advice provided by County Durham Youth Offending Service (CDYOS) who undertake assessments on all young people remanded to Youth Detention Accommodation.
- 177 Prior to the implementation of the new remand framework, young people placed in Young Offenders Institutions were not 'looked after'.
- 178 In February 2013, the Ministry of Justice published a consultation on transforming youth custody, describing the government's plans for placing high quality education at the centre of youth custody. Plans for reform will see young people appropriately punished while at the same time learning to take responsibility for their actions and gaining the skills and qualifications they need to lead productive, law-abiding lives.

Supporting victims of crime

- 179 On 29 March 2013, the government issued a consultation on *Improving the Code of Practice for Victims of Crime*, with the aims of giving victims clearer entitlements from criminal justice agencies and better tailoring services to individual needs.
- 180 Proposals include:

Victims' entitlements

- a) a clear statement of what information, services and support victims are entitled to at each stage of their journey throughout the criminal justice system;
- b) retaining an enhanced service for all vulnerable and intimidated victims and increasing the age from 17 to 18 for those automatically considered vulnerable;
- c) extending the enhanced service to three categories of victim most in need: victims of the most serious crimes, vulnerable or intimidated victims and the most persistently targeted victims;
- d) including an entitlement in the revised code for these victims to be referred to pre- and post-trial therapy, following discussion with the practitioners handling their case;
- e) entitling victims to receive information from agencies at key stages of the process and for victims to discuss with the agencies involved how often they wish to receive updates on the progress of the investigation;

Duties on criminal justice agencies

- f) updating the code to reflect best practice and to allow for more innovation so that criminal justice agencies can tailor services according to individual need;
- g) placing a duty on the police to conduct a "needs assessment" with all victims of crime to establish what support or information they need to help them cope and recover;
- h) extending the code to apply to the new Police and Crime Commissioners (PCCs) and exploring whether the PCCs could play a role in monitoring and overseeing the duties under the code carried out by the local police force in their area;

Specific entitlements for children and young people

- i) including a section dedicated to victims under the age of 18, with a transparent set of entitlements which is easy and accessible for children and young people, parents and guardians to understand and a clear set of duties for criminal justice agencies, so it is clear what information and support is needed in order to meet the entitlements for victims under the age of 18;

Victim Personal Statements

- j) including the Victim Personal Statement (VPS) in the code, in order to increase the offer and take up rate, and strengthen the victims' voice in the court;

- k) encouraging local police forces in England and Wales to extend the use of Community Impact Statements in their local area;

Businesses

- l) enabling businesses of all sizes (and not just small businesses) to make an impact statement (in effect a VPS for businesses);

Information on restorative justice

- m) including a separate section which provides information on restorative justice (RJ) for victims of adult offenders. The police and Youth Offending Teams will be under a duty to signpost and offer information on RJ to victims, where available. They will have a duty to assess the suitability of RJ based on the particular sensitivities of the case and/or the vulnerability of the victim. This will ensure that the necessary safeguards are in place for the victim, particularly for victims of domestic abuse or a sexual offence or violence. The police will also have a duty to ensure that, where RJ is available, adequately trained facilitators are provided and that necessary security measures are taken so that the victim is not 're-victimised' by the RJ process;

Means of redress (complaints process).

- n) proposing that all service providers under the code should have a clearly identified complaints process through which victims can complain. Agencies must provide victims with information on their complaints process on request and contact details of the person dealing with their complaint.

Community Safety Fund

- 181 In February 2013, the government published details of the Community Safety Fund, which Police and Crime Commissioners (PCCs) will be able to use to tackle drugs and crime, reduce re-offending, and improve community safety in their force area. In 2013-14, in addition to Home Office Police Main Grant and other specific Home Office police grants (such as Counter Terrorism Policing Grant), PCCs will receive funding from the new Home Office Community Safety Fund (CSF). The CSF will be un-ringfenced and PCCs will be able to use it to commission services that help tackle drugs and crime, reduce re-offending, and improve community safety in their force area. Funding allocations are based on the existing distribution of drugs, crime and community safety grants across police force areas. However, the CSF is a new funding stream which PCCs have the freedom and flexibility to use as they see fit to support their wider crime prevention priorities.
- 182 Given the introduction of the CSF, the vast majority of existing Home Office drugs, crime and community safety funding streams ended in March 2013. This included:
- Drug Interventions Programme (DIP);

- DIP Drug Testing Grant;
- Community Safety Partnership Funding;
- Youth Crime and Substance Misuse Prevention activities;
- Positive Futures;
- Communities against Gangs, Guns and Knives;
- Ending Gang and Youth Violence programme;
- Community Action Against Crime: Innovation Fund.

Carbon reduction and waste

- 183 On 19 February 2013, the government announced a new £37 million programme to support the up-take of electric vehicles. Measures to be introduced include:
- a) up to £13.5 million for a 75 per cent grant for homeowners in the United Kingdom wishing to have a domestic chargepoint installed;
 - b) an £11 million fund for local authorities in England to:
 - install on-street charging for residents who have or have ordered a plug-in vehicle but do not have off-street parking - authorities can apply for up to 75 per cent of the cost of installing a chargepoint;
 - provide up to 75 per cent of the cost of installing rapid chargepoints in their areas around the strategic road network;
 - c) up to £9 million available to fund the installation of chargepoints at railway stations;
 - d) up to £3 million to support the installation of chargepoints on the government and wider public estate by April 2015;
 - e) a commitment to review government buying standards (mandatory for central government departments) to lower the fleet average CO₂/km of new cars and encourage the uptake of plug-in vehicles in central government.
- 184 On 11 March 2013, the government issued a consultation and call for evidence in order to inform the development of the waste prevention programme for England, which is due to be published by the end of this year.
- 185 Its intention is that the programme will:
- a) help businesses recognise and act upon potential savings through better resource efficiency and preventing waste, to contribute to a more sustainable economy;

- b) make it easier for people to find out how to reduce their waste, and how to reuse items they no longer want;
- c) support action by local and central government, businesses and civil society to capitalise on these opportunities.

186 Although primarily a call evidence, the consultation does set out a number of proposed priority areas where the government wants to focus effort including food waste, textiles, construction and demolition waste, paper and card, chemical and healthcare sector wastes, furniture and bulky items (particularly from households) and waste electrical and electronic equipment. It also seeks views on a number of alternative performance measures to monitor progress on waste reduction.

187 The Corporate Director, Neighbourhood Services submitted evidence in response to the consultation.

Public services reform

188 In December 2013, the Communities and Local Government Select Committee published a report on the government's programme for mutual and cooperative approaches to delivering local services.

189 This followed policy commitments in the 2011 Open Public Services White Paper, to encourage the establishment of employee mutuals and co-operative organisations to empower frontline workers and increase the diversity of providers of public services.

190 The Select Committee's report flagged that whilst there was interest from the local government sector in establishing mutuals to improve the quality and efficiency of service delivery, there was confusion about the government's programme and a sense that the two principal sponsoring departments – the Cabinet Office and the Department for Communities and Local Government were not working in step. As a consequence, while mutual organisations were being established, they were not being done so in great numbers and therefore, there was considerable scope to improve the programme.

191 On 7 February 2013, the government published its response, reiterating its commitment to promoting the establishment of mutuals and pointing towards the Mutual Support Programme and the implementation of the Community Right to Challenge as providing greater opportunities and support for the creation of mutual-based service providers.

192 Following on from the government response, on 14 February 2013, the Cabinet Office announced that a further 20 potential employee mutuals spinning out from the public sector were to receive support from the £10 million Mutual Support Programme.

193 The most recent awards will fund the provision of consultancy support and advice to fledgling mutual organisations in a diverse range of services:

- a) £93,000 for Knowsley Youth Services and Knowsley Youth Rights and Participation Services, which deliver youth services on behalf of

Knowsley Council. The support package from Public Service Mutuals with the 'Co-op', will assist these two services in developing robust business plans and options appraisal for exploring spinning out from the council.

- b) £45,000 for Spiral Health CIC, a nurse led rehabilitation centre which spun out from Blackpool Teaching Hospitals NHS Foundation Trust in April 2012 to become a social enterprise. The funding provided a support package from 'Make it Happen', an SME with under 20 employees, to enable Spiral to identify where and how they can expand their business, make savings and win future contracts.
 - c) £46,000 for Oldham Borough Council who are currently exploring the option of mutualising their adult social care services. This award provides them with support for business planning and market assessment. Mouchel, with SME SCA Group and Turning Point, successfully won the contract to deliver this support.
 - d) £20,000 worth of support for adult education services at Gloucestershire County Council, who are keen to explore mutualisation as a possible option for service delivery. The support package from Mutual Ventures, an SME, is providing them with business planning advice.
- 194 On 4 March 2013, the Communities and Select Committee launched a follow-up enquiry into community budgets, where government funding is devolved and pooled by local organisations and partnerships to work together to develop local solutions to local problems.
- 195 Reflecting on community budget pilots for troubled families, total place and neighbourhoods the committee has asked for views on the prospects for extending the approach more widely, the willingness of Whitehall departments to work with local areas and how community budgets can maximise the use of resources for the co-design and co-production (shared delivery) of services, when resources are being cut and constrained.
- 196 On 21 March 2013, the government invited expressions of interest from local authorities to participate in a community budgets network designed to share best practice from the community budget pilots and to support areas to transform public services and remove barriers to reform.
- 197 This was followed a week later by the launch of a complementary £9.2 million Transformation Challenge Fund, which is intended to support local authorities, including fire and rescue authorities, that are at the cutting edge of innovation in service transformation and that are 'going further and faster in re-engineering service delivery and achieving efficiencies'.
- 198 Multi-authority and single authority awards are available from the challenge fund, with interested parties encouraged to submit bids by 14 July 2013. An announcement on successful bids will be made later in the summer with funding awards commencing in 2014/15.

Queen's Speech

199 The state opening of parliament took place on 8 May 2013 and in the Queen's speech, 29 new bills and measures were announced. Of particular note for the council are the following:

- a) A National Insurance Contributions Bill to reduce employer National Insurance Contribution (NIC) costs and fight abusive tax schemes by extending the General Anti-Abuse Rule to cover NICs;
- b) A Deregulation Bill to repeal unnecessary legislation and remove regulatory burdens on businesses, civil society and public bodies, to facilitate growth;
- c) A Draft Consumer Rights Bill to make consumer rights clearer and update the law to take account of digital purchases;
- d) A Local Audit and Accountability Bill to close the Audit Commission and introduce a new local audit framework;
- e) A Care Bill to reform how care and support is paid for by introducing a cap (expected to be £72,000) on how much people have to contribute towards their care costs;
- f) A Pensions Bill to introduce a new flat rate state pension system, set above the basic means test, to replace the current two-tier basic and second state pension. The Bill will also increase the state pension age to 67;
- g) An Immigration Bill to curb access to certain public services for recent immigrants and will specify that foreign criminals shall, except in extraordinary circumstances, be deported;
- h) An Offender Rehabilitation Bill to extend statutory supervision after release to offenders serving custodial sentences of less than 12 months;
- i) An Anti-Social Behaviour, Crime and Policing Bill to streamline the existing powers to deal with anti-social behaviour and to strengthen the law for tackling dangerous dogs;
- j) A Gambling (Licensing and Advertising) Bill to require all gambling operators selling into the British market, whether based in the UK or abroad, to hold a Gambling Commission licence;
- k) Childcare - plans will be developed to help working parents with childcare, increasing its availability and helping with its cost;
- l) National curriculum - the government will proceed with plans for a new national curriculum;
- m) Exam system - plans for new style GCSEs from 2015/16 and A level assessment reform, to create a "world class exam system";

- n) Teachers' pay - the government wants to create greater flexibility in pay for teachers;
- o) Traineeships and apprenticeships - steps will be taken to ensure it becomes typical for those leaving school to start a traineeship or apprenticeship, or to go to university;
- p) Mortgages/Help to Buy - the government is committed to implementing further help for more people to own their own home;
- q) Scotland within the United Kingdom - the legislative programme reiterates the government's commitment to make the case for Scotland to remain part of the United Kingdom.

Consultations

- 200 The council constantly monitors consultations and calls for evidence and officers consider opportunities to respond via the Improvement Planning Group which meets on a fortnightly basis.
- 201 Since the last report to Members and up until 30 April 2013, the government issued 129 consultations and calls for evidence. The council responded to 16 of these as follows:
- a) Consultation on proposed amendments to individual pupil information prescribed persons regulations;
 - b) Consultation on measuring child poverty;
 - c) Street trading and pedlary laws – consultation on draft regulations to repeal the Pedlars Acts to make changes to street trading legislation;
 - d) Alcohol strategy consultation;
 - e) Improving educational outcomes for children of travelling families;
 - f) Local authority responsibilities towards children looked after following remand – consultation on changes to the Care Planning, Placement and Case Review;
 - g) Local waste review;
 - h) Early education and childcare staff deployment;
 - i) Consultation on replacement of the Education (inter-authority Recoupment) Regulations 1994 with the Inter-authority Recoupment (England) Regulation; 2013;
 - j) A good education for all – consultation on inspection of local authority services;
 - k) Secondary school accountability consultation;
 - l) Universal Credit local support services framework;

- m) Transforming youth custody – putting education at the heart of detention;
 - n) Consultation on the criteria for Early Years educator qualifications (Level 3);
 - o) Protecting the independent press from unfair competition;
 - p) Good early years provision for all.
- 202 Of the 129 consultations issued up until the end of April 2013, eight are still open:
- a) Cyber security organisational standards – call for evidence (open until 14 October 2013);
 - b) Keeping children safe in education (open until 20 June 2013);
 - c) Taxpayer-funded pensions for councillors and other elected local office holders (open until 5 July 2013);
 - d) The Contaminants in Food (England) Regulations 2013 (open until 5 July 2013);
 - e) Waste Electrical and Electronic Equipment (WEEE): implementing the recast Directive and UK system changes (open until 21 June 2013);
 - f) Overweight and obese children and young people – lifestyle weight management service (open until 18 June 2013);
 - g) Food additives: consultation on draft guide to compliance on legislation (open until 15 July 2013);
 - h) Changes to the scope and governance of the Gangmasters Licensing Authority (open until 21 June 2013).

Implications

- 203 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 provide a commentary against the strategic themes of the Council Plan and County Durham Sustainable Community Strategy.

Altogether better council

- 204 The decision in the Budget to exempt local government from the two per cent reduction in funding in 2013/14 is welcome, but was based on an acknowledgement that local government has already delivered considerable budget savings compared to other parts of the public sector. Local government funding will be reduced by an additional two per cent in 2014/15 and we await the outcome of the spending review later this month for an indication of what further reductions we will have to make in 2015/16. Initial press reports have suggested that the Chief Secretary to the Treasury has

asked government departments to look at how they might deliver 10 per cent reductions in 2015/16 and there is intense focus on how much more the government is prepared to take out of the welfare budget, as this will affect wider spending targets across the rest of government.

- 205 Clearly, this will have implications for the council's medium term financial plan (MTFP) which the council will need to consider as it develops its spending proposals for 2014/15 and beyond. Cabinet will receive a report on the planning framework and approach for the next MTFP on 17 July 2013, with further reports scheduled for 9 October and 18 December 2013 and 14 February 2014.
- 206 Alongside the decision to introduce a 'single-tier' state pension from 2016/17, the Chancellor also confirmed that 'contracting-out' would end for all pension schemes from the start of the 2016/17 tax year.
- 207 Contracting-out is a process where members of a pension scheme give up the right to all or most of the state second pension (formerly known as SERPS), which is a payment that pensioners receive which is over and above the basic state pension level that they would have earned had they not been 'contracted-out'.
- 208 When contracting-out stops in 2016/17, individuals who earn over £7,755 a year (or the equivalent rate in 2016) will have to pay higher National Insurance contributions. The maximum impact will be for individuals earning £40,040 a year or more who will pay an extra £40 a month in National Insurance contributions.
- 209 Employment costs will rise for public sector employers as additional National Insurance contributions will be required equal to 3.4 per cent of individuals' earnings within the range £5,668 and £40,040. Our analysis at this stage based on our current workforce, estimates the financial impact on the council will be in the region of £5.1 million a year from 2016/17.
- 210 Schools (including academies) will also be affected. It remains to be seen at this stage whether the government's commitment to protect education funding will extend to protecting school budgets from the impact of this contracting out change.
- 211 Although the proposed Deregulation Bill seeks to reduce or remove some burdens on public bodies, a more general and growing concern for the council is the additional responsibility being placed on local government as a result of public sector restructuring and reform and the provision of adequate resources under the New Burdens doctrine.
- 212 Given the scale of changes envisaged and the acknowledgement that local government will play a pivotal role in the local coordination and implementation of Universal Credit, Members may wish to note that nationally only £0.5 million is being allocated to local government to contribute towards these costs. While the government has published proposals for establishing a local support services framework for Universal Credit, little detail was included on funding and we will need to wait until much later this year for further detail on the funding model to emerge.

- 213 Similarly, the changes to the funding of costs of placing young people in remand, now that they are considered to be looked after by the authority, has placed additional financial burdens on the council, over and above the funding provided under New Burdens.
- 214 The council will need to continue to monitor and anticipate the moves to bring about public services reform and it is welcome that the parliamentary select committees have turned their attention to the mutualisation programme and next steps for community budgets.
- 215 Alongside other North East local authorities, the council has expressed an interest in being involved in the community budgets network and is currently exploring whether to submit bids to the Transformation Challenge Fund.
- 216 As well as legislating for the closure of the Audit Commission, the Local Audit and Accountability Bill will also include provisions to strengthen the legal status of the Recommended Code on Local Authority Publicity, which would enable the Secretary of State to order local authorities to stop issuing publicity, for example regular council newspapers, where he considers they contravene the code. The Local Government Association has expressed disappointment at the proposed inclusion of such provisions within the bill, as it is at odds with the principles of localism and in its view, unwarranted. The council will need to monitor the development of the legislation in order to ensure that its publicity and communications continue to remain compliant with the code.

Altogether wealthier

- 217 Clarity on the government's response to Lord Heseltine's review is welcome and was a main feature of the Budget. While the government has accepted many of Lord Heseltine's recommendations, we will need to wait for the spending review later this month to learn how much it is prepared to devolve into the Local Growth Fund 'single pot' for LEPs to deliver.
- 218 For the 2007-13 European Funding Programme, the previous government applied an economic weighting to ensure that proportionally more EU funding went to the most economically deprived areas. Ministers are currently in the process of determining how the UK's allocation will be distributed amongst LEPs. If the current government chooses not to contain any economic weighting for the 2014-20 programme, there will be a proportional net loss of funding to less economically developed areas. As a Transition NUTS2 Region, Durham and Tees Valley will receive some level of protection. With this in mind, officers and partners are engaged in lobbying the government to seek assurances that Durham and Tees Valley's funding allocation as a Transition Region does not see any reduction. Once notional allocations for LEP areas are agreed, a report will be brought to Cabinet on the relevant details.
- 219 The council is working with the other local authorities in the North East and partners as part of a wider investment planning process to align and prioritise future funding opportunities. This will include the production of a European Structural and Investment Strategy and the formulation of a Single Local Growth Plan for the use of the Single Local Growth Fund.

- 220 A separate report is included on the agenda for this meeting of Cabinet on the Lord Adonis North East Independent Economic Review findings and recommendations (announced on 11 April 2013) and the proposals for and implications of a combined authority for the North East area.
- 221 With Regional Spatial Strategies and Economic Strategies finally revoked on 15 April 2013, the need for our local plan is reemphasised and the council continues to develop and implement the County Durham Plan as scheduled.
- 222 The CIL reforms consultation presents some concerns about what the outcome may be in relation to funding key infrastructure projects in County Durham. The council therefore submitted a coordinated response to the consultation.
- 223 The Growth and Infrastructure Act 2013 could stimulate investment in infrastructure and support development. However, changes to the permitted development housebuilder rights may result in additional financial burdens to the council, for instance in relation to processes involved in confirming extensions and the notifications between homeowners and neighbours.
- 224 Following the introduction of neighbourhood planning through the Localism Act 2011, Great Aycliffe Town Council is the first in the county to have a neighbourhood area formally approved by the county council. They are now proceeding, with support from the council, to develop their neighbourhood plan. Further neighbourhood plans are in development across the county and the Spatial Policy Team will continue to provide the necessary support which includes approving neighbourhood forums and areas, testing conformity of plans against the County Durham Plan and organising Examinations in Public (EIPs) and referendums. A report on the council's approach to supporting neighbourhood planning will be brought to Cabinet for consideration on 24 June 2013.
- 225 Given that LEPs will have an important role in setting skills strategies for their areas and to support growth of communities, it will be important for the council through partnership working with the North East Local Enterprise Partnership to ensure that the needs and demands of County Durham residents and businesses are articulated and included in the future development of strategy.
- 226 The council responded to the *Future of Apprenticeships in England: Next Steps from the Richard Review*. In general, the council welcomed the majority of the proposed responses and further commitment to apprenticeships, however there are some unknowns at the moment, regarding the re-designing of apprenticeships and employers taking a significant role in the development of industry standards. Given the business make-up in County Durham, it will be important that the voice of SMEs and micro SMEs are considered as their needs and capacity could differ from larger employers. It will be expected that the new apprenticeship offer will have a strong focus on progression and the promotion of level 4 and Higher Apprenticeships. County Durham and the rest of the North East have traditionally found it difficult to significantly increase the number of individuals following apprenticeships at these levels.
- 227 The Budget 2013 introduces several new measures to stimulate the housing market, enable buyers to get on to the property ladder, support home ownership and providing support for older people. However, in practice some

of these measures like the Help to Buy equity loan and mortgage schemes may run the risk of driving up house prices and further exacerbating the issue of affordability in areas such as Durham. The Right to Buy extension may also generate very low receipts for councils and adversely affect the ability of the local authority to re provide locally. We also need to continually reassess the housing offer and needs of older people. There needs to be a greater shift in housing, health and social care policy towards preventative housing based measures that will support wellbeing and independence for longer.

- 228 Following the Budget, concerns have also been raised about welfare reform and the prospect that there may be additional welfare budget cuts in the future, as limits on 'annual managed expenditure' are planned post 2015/16. This may result in further welfare reductions, which may affect working people, as well as consideration of reducing universal benefits for older people, which have been protected thus far.
- 229 The Draft Consumer Rights Bill included in the Queen's speech as well as affording consumers clearer protection and promoting competitive markets and growth, also seeks to deregulate and reduce the costs to businesses of consumer protection, for example requiring that businesses receive notice of an inspection from Trading Standards. This may require Environmental Health and Consumer Protection to review and change its inspection practices.
- 230 Finally, in the run up to the referendum on Scottish independence on 18 September 2014, the government has confirmed its intention to continue to publish a series of papers in the build-up to the referendum looking in detail at key issues in the independence debate including the UK's economy and public finances, its place in the world, and wider important policy issues such as energy, defence and security and welfare and pensions. Given the county's close proximity to Scotland, the council and the County Durham Economic Partnership will need to monitor developments in order to understand the potential implications for the local and regional economy.

Altogether healthier

- 231 Although, the local implementation of the various changes to the NHS and public health, including local authority scrutiny were successfully achieved by 1 April 2013, a great deal of work is ongoing to embed the changes.
- 232 Work is underway on the review of the County Durham Joint Strategic Needs Assessment and a delivery plan for the Joint Health and Wellbeing Strategy is nearing completion under the new arrangements. Cabinet will continue to receive quarterly reports relating to implementing the NHS and Public Health reforms up to April 2014.

Altogether safer

- 233 The proposed code of practice for victims of crime increases entitlement for support for specific groups including children and young people and places a duty on Youth Offending Teams to signpost and offer advice to victims on Restorative Justice approaches.

- 234 The Anti-Social Behaviour, Crime and Policing Bill includes provisions to give victims the power to ensure that action is taken to deal with persistent anti-social behaviour through a new 'community trigger' and to give them a greater say in what form of sanction an offender should receive out of court through a new 'community remedy'. In addition, the bill will confer on Police and Crime Commissioners responsibility for commissioning victims' services.
- 235 Likewise, the introduction of the Community Safety Fund has given PCCs control over the vast majority of drugs, crime and community safety funding streams which used to be provided direct from the Home Office.
- 236 The council will therefore need to work with the new PCC and the Safe Durham Partnership to ensure the effective use of these new measures and funding streams in the county.

Altogether better for children and young people

- 237 In January 2013, the government announced a raft of measures to tackle weaknesses in the adoption system. This included £150 million to tackle the backlog of over 4,000 children waiting to be adopted and £1 million for voluntary adoption agencies (VAAs) to recruit more adopters. The government believes that there are significant weaknesses in the way local authorities bring in more adopters and the funding is intended to assist local authorities to demonstrate that they can put in place long term plans and recruit the adopters children need. If local authorities fail to do this then the government will use new power legislative powers to be introduced, to require local authorities to outsource their adoption recruitment and approval services. The challenge to local authorities is to show that they can deliver change, increase the numbers of approved parents wanting to adopt, and continue to increase numbers in years to come.
- 238 The government is increasing the age to which all young people in England must continue in education or training, requiring them to continue until the end of the academic year in which they turn 17 from 2013 and until their 18th birthday from 2015. Statutory guidance identifies the key responsibilities of local authorities in relation to raising the participation age and promoting the participation of 16- and 17-year-olds. The government's approach is to give local authorities freedom and flexibility to decide how to fulfil their statutory duties by only specifying key activities to help them to fulfil those duties. It is a requirement that local authorities will have regard to the guidance when deciding how to organise and resource their services.
- 239 The Legal Aid, Sentencing and Punishment of Offenders Act 2012 (LASPOA) introduced a new framework for youth remand which commenced in April 2013. Local authorities will have responsibilities towards all young people who have been remanded into either local authority or youth detention accommodation as they will all now be looked after.
- 240 The youth remand provisions in the LASPOA also paved the way for giving local authorities greater financial responsibility for remands to youth detention accommodation, including:

- plans for allocation of New Burdens funding to local authorities in England and Wales in relation to remands to youth detention accommodation in YOIs;
- plans for recovery of the costs of remands to youth detention accommodation from local authorities in England and Wales;
- proposals in relation to meeting the costs of escorting remanded children to and from youth detention accommodation; and
- plans for allocating New Burdens funding to local authorities in England and Wales in relation to the extension of the treatment of children as “looked after” to all children remanded to youth detention accommodation.

241 The Care Planning, Placement and Case Review Regulations 2010 (the “Care Planning Regulations”) have also been amended to take this change into account for children who become looked after solely as a result of being remanded.

242 Under the new funding arrangements, the council only receives funding to help meet the costs of young people remanded to Young Offenders Institutions, and not secure children’s homes and secure training centres, for which local authorities are now wholly liable, as the young people remanded are now treated as looked after. The extension of looked after children status to all young people on remand could therefore lead to substantial costs to local authorities.

243 Whilst the council has been allocated £77,551 in 2013/14 under New Burdens towards the additional costs, the actual additional cost to the council is estimated to be in the region of £162,000.

244 The council will have to await the outcomes of the consultations on the future framework for the inspection of local authority education support services and the new metrics to enable people to hold schools to account for their performance.

Altogether greener

245 The provision of additional funding to support the up-take of electric vehicles is welcome and will enable the council to improve the network of charging points across the county, if it can afford to do so and there is sufficient demand.

246 The call for evidence on waste prevention provides an indication of government priorities in the forthcoming strategy and acknowledges the key role which local government can play. The council will have to await the publication of the programme towards the end of this year to see if it provides a supportive framework for us to take forward our local waste reduction initiatives.

Implications for partnership working

- 247 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 stimulating economic growth and job creation, policing and community safety and health and social care, given the significant and profound nature of reforms in these areas and the emergence of new partners, with which the council will want to work.
- 248 The County Durham Partnership is currently in the process of reviewing its priorities as part of a refresh of the sustainable community strategy for the county. The refresh will take account of changing government policy and take on board changing local needs and priorities. A report on the review of the sustainable community strategy is expected to be brought to Cabinet in September this year.

Conclusions

- 249 Since the last report, the government has maintained its focus and emphasis on driving forward on the delivery of its major policy projects, with the emphasis in policy announcements shifting from policy development to the implementation and delivery of policy reforms outlined in the first half of this parliament.
- 250 Although the common themes of government policy around transparency, choice, community empowerment, localism and more diverse patterns of public service provision are still evident, there is evidence to suggest that they are being pursued to varying degrees in actual implementation.
- 251 In response to the continuing slow rate of economic growth, the government has confirmed its intention to continue with its deficit reduction strategy to re-balance the economy and has placed more emphasis on stimulating growth.
- 252 In the Budget, the Chancellor confirmed that the deficit reduction programme will need to extend beyond 2015/16 into the next parliament and further detail on the additional spending reductions to be made are expected in the next spending review, which is due to be published on 26 June 2013.
- 253 Clearly, the various policy changes will have major implications for the council and the steps it is taking to develop an 'altogether better Durham'.
- 254 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 are responding accordingly. Wherever possible, the council and its partners are working together to respond proactively to the government's policy changes.

Recommendations

- 255 Members are recommended to note the contents of this report and the actions taken to anticipate and respond to the government's reforms.

Background papers

[Cabinet, 16 January 2013, Implications for Durham County Council of the Government's policy programme](#)

[Cabinet, 13 March 2013, Welfare reform update](#)

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Appendix 1: Implications

Finance – The further savings targets announced in the Budget and in the forthcoming spending review will have implications for the council's medium term financial plan. In addition, the new duties and responsibilities which are being placed on the council have resource implications and while in certain instances, the government is making New Burdens funding available, there is increasing evidence to suggest that this is not sufficient to meet the additional costs incurred by the council.

Staffing – No specific implications have been identified.

Risk – Individual assessments of the risks associated with specific policy proposals are undertaken as a matter of course in council project planning and management.

Equality and Diversity – Equality impact assessments will be undertaken on individual policy proposals the council develops in response to the government's reforms.

Accommodation – No specific implications have been identified.

Crime and Disorder – the new Community Safety Fund has changed the funding of local drugs, crime and community safety initiatives, with the local Police and Crime Commissioner responsible for funding decisions as opposed to the Home Office.

Human Rights – No specific implications have been identified.

Consultation – No specific implications have been identified.

Procurement – No specific implications have been identified.

Disability Discrimination Act – No specific implications have been identified.

Legal Implications – A number of the government policy changes outlined above, place new statutory duties on the council and change the regulatory framework in which it operates. The council considers the legal implications of all decisions it takes.