

Overview and Scrutiny Management Board

17 February 2014

Cabinet

22 January 2014

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



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Purpose of the Report

- 1 On 11 September 2013, Cabinet considered the most recent report on the implications of the 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:
 - Local government finance;
 - Autumn statement;
 - Universal Credit;
 - Individual electoral registration;
 - Community budgets;
 - The Census;
 - Openness, transparency and accountability;
 - Parish councils;
 - National Industrial Strategy;
 - Witty Review of Universities and Growth;
 - National Planning Practice Guidance;
 - Planning Guidance Portal;
 - Community Infrastructure Levy;
 - Social Housing Rent Policy;
 - North East Local Enterprise Partnership (NELEP) European Strategy;

- North East Combined Authority;
 - Rural Growth Network Pilots;
 - Regional Growth Fund Round 5;
 - NHS reform;
 - Care and support reform;
 - Integration of Health and Social Care;
 - Transforming rehabilitation;
 - National curriculum reform;
 - Qualifications;
 - Special educational needs (SEN) reform;
 - Single Inspection Framework for children in need of help and protection, children looked after and care leavers;
 - Early education places.
- 4 Compared with previous policy implications reports to Cabinet, it is apparent that the government is making fewer major policy announcements compared with the initial years of this parliament. In part, this reflects the shift in policy effort from policy development, reform and legislation seen in the first few years to the subsequent implementation of those reforms. It may also reflect a natural slowing down in policy development as the coalition partners and other political parties prepare for the forthcoming general election campaign.
- 5 Whilst local government was exempted from the immediate additional spending reductions announced in the Autumn statement, this has to be seen within the context of the two spending reductions announced earlier in the year during the spending review in June and the subsequent consultation on the local government finance settlement. In addition, spending on welfare continues to be reduced and an annual cap is to be introduced on the overall welfare budget.
- 6 Clearly, the various policy changes will have major implications for the council and the steps it is taking to develop an 'altogether better Durham'.
- 7 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, which will be taken into account in the refresh of the County Durham Sustainable Community Strategy and the council plan and supporting service plans.

Background

- 8 Cabinet has considered a number of reports on government policy since the general election in 2010, the most of which on 11 September 2013. Where necessary, Cabinet has also received further policy reports on specific topics, such as changes to the NHS, health and social care and welfare reform. This report builds upon these previous briefings.

Update

9 The most significant policy announcements since the last report to Members in September 2013, relate to the following, which are outlined in more detail below:

- Local government finance;
- Autumn statement;
- Universal Credit;
- Individual electoral registration;
- Community budgets;
- The Census;
- Openness, transparency and accountability;
- Parish councils;
- National Industrial Strategy;
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- Qualifications;
- Special educational needs (SEN) reform;
- Single Inspection Framework for children in need of help and protection, children looked after and care leavers;
- Early education places.

10 A more detailed report on recent policy announcements in relation to welfare reform was considered by Cabinet at its meeting on 11 September 2013 and a further update will be provided to Cabinet on 12 February 2014.

Local government finance

11 On 18 December 2013, Cabinet received an update on the Chancellor's Autumn Statement and the anticipated position on the annual financial settlement. A further update is included in the Budget and Medium Term Financial Plan report also on the agenda for today's meeting of Cabinet.

12 The government announced that they would be amending the process for Business Rates Retention. The government initially published their *Business rates retention scheme: pooling prospectus* on 17 May 2013 as the Local Government Finance Act was progressing through Parliament, however due to changes that occurred through the process, the guidance document has been updated. The most significant update has been the release of the

timetable and process that local authorities and the Department of Communities and Local Government (DCLG) have to follow to designate business rates pools for 2014-15. Any area which wished to create a new pool, extend or dissolve an existing pool had to notify DCLG by 31 October 2013.

- 13 As part of the suite of documents supporting the new scheme, the government held a consultation on *Business rates: new empty property technical consultation*. The consultation outcome was published on 11 September, with guidance issued to local authorities on how to administer the temporary relief scheme. Under the scheme all newly built commercial property which is completed between 1 October 2013 and 30 September 2016, will be exempt from empty property rates for the first 18 months up to set limits. As this is a temporary measure, the exemption is required to be made by the council using their discretionary relief powers, so it is for each council to decide to grant relief, but this will be reimbursed by central government.
- 14 The government indicated in the Spending Review document *Investing in Britain's future* (July, 2013) that they were considering allowing local authorities to be able to use receipts from asset sales to pay for one-off revenue costs of service reforms following request from local government. Currently, capital receipts can generally only be used for capital spending. The DCLG launched a consultation on 25 July 2013, which closed on 24 September 2013 about the level of interest for these changes from local government. The results from the consultation are yet to be released, however the document indicated that the government is minded to run the scheme as a bid process with bids being able to be submitted from 'winter 2013'.
- 15 The government has previously announced that the allowances and protections offered to pensioners under the localisation of council tax would be maintained. On 6 September 2013, the DCLG released a statement of intent in relation to the up-rate premia, allowances and non-dependent deductions for pensioners for 2014-15 onwards. The government's proposals in relation to up-rating of allowances is:
 - Personal allowances in line with Pension Credit rates;
 - Most premia in line with CPI; and
 - Non-dependent deductions in line with growth in eligible council tax.
- 16 A review of the policy will take place in 2015-16 in line with legislation.
- 17 For the first year, the DCLG has published data on the collection of Council Tax on individual parishes and charter trustees. The data shows that 8,805 local precepting authorities requested that their billing authority collect council tax on their behalf in 2013-2014. £367 million of council tax was collected on their behalf (1.6% of total council tax requirement). The figures for County Durham are 108 local precepting authorities, with £9,982,466 collected from a council tax base of 104,164.

- 18 The Audit Commission published a report on 26 September 2013, *Income from charging: Using data from the VFM Profiles*. This report identified that in 2011/12, charging contributed nine per cent of single-tier or county council service expenditure, and 20 per cent for district councils, however one in three district councils and one in five London boroughs, income from charging exceeded council tax income. The Audit Commission analysis identified that in 2011/12 income from charging contributed 9.46 per cent towards service expenditure in Durham which the Audit Commission considered to be 'average' for the similar types of authority and less than the national average for all English councils of 15.02 per cent.

Autumn statement

- 19 On 5 December 2013, the Chancellor of the Exchequer made his Autumn statement. Whilst announcing that departmental spending would be reduced by a further £1 billion a year from 2014/15 to 2016/17, he confirmed that the NHS and schools would be protected, along with local government on the basis that councils are expected to freeze council tax in 2014/15.
- 20 Other main announcements included:
- a) Local authorities will be given more flexibility to spend their capital receipts from new asset sales on the one-off costs of reforming their services. The flexibility will be capped at £200 million in total across 2015-16 and 2016-17, and will be available to local authorities via a bidding process;
 - b) The inflation increase on businesses rates will be capped at two per cent for all premises from next April;
 - c) For the next two years every retail premise in England with a rateable value of up to £50,000 will get a discount of £1,000 on their business rates;
 - d) The business rate relief scheme for small businesses will be extended for another year;
 - e) From April 2014, businesses will be allowed to retain Small Business Rate Relief for a year if they take on an additional property that would otherwise have caused them to lose the entitlement;
 - f) From April 2014 to March 2016, a new reoccupation relief will halve the rates for new occupants of vacant shops which have been empty for a year or more. The 50 per cent relief will last 18 months;
 - g) The budgets for start-up loans scheme will be increased to help 50,000 more people start their own businesses;

- h) To tackle youth unemployment, employer National Insurance contributions are to be removed on 1.5 million jobs for young people, up to the age of 21;
- i) Overall welfare spending is to be capped from April 2014 with the Chancellor announcing the annual cap and being held to account on performance reviews by parliament;
- j) Anyone aged 18 to 21 claiming benefits without basic English or Maths will be required to undertake training from day one or lose their entitlement. People unemployed for more than six months will be required to start a traineeship, take work experience or do a community work placement or lose benefits;
- k) An extra 30,000 student places to be created in 2014-15, with the cap on student numbers to be abolished from 2015/16;
- l) An additional 20,000 apprenticeships over the next two years;
- m) All infant pupils at state schools in England are to get free school lunches from next September, in a measure costing about £600 million a year. An extra £150 million is to be made available to update and build kitchens and dining rooms in English primary schools to enable the move;
- n) The Housing Revenue Account borrowing limit to rise by £300 million. There will be a competitive process for stock holding authorities to “bid” for part of the total £300 million increase, to fund new affordable rent housing;
- o) Councils will be encouraged to sell off the most expensive social housing and rundown urban housing estates in Manchester and Leeds and across the country to be regenerated with £1 billion in loans to encourage housing development;
- p) The publication of the government’s National Infrastructure Plan, which included investment in broadband and the acceleration of the ongoing scheme to reinforce and reconstruct Seaham Docks.

Universal Credit

- 21 On 5 December 2013, the Secretary of State for Work and Pensions advised that the timetable for the completion of transfer of benefit claimants to the new Universal Credit may slip beyond 2017. While many new claimants of work-related benefits will transfer to the new system before 2017, it is now expected that around 700,000 claimants will not. In addition, in evidence to the Commons Work and Pensions Committee on 9 December 2013, the Secretary of State advised that £40.1 million of software and computing costs has had to be written off in implementing the new system thus far.

Individual electoral register

- 22 Individual electoral registration is to be rolled out from 2014. In advance of the introduction, several evaluation pilots have taken place. The report to Cabinet on 17 July 2013, reported that the pilots have found that although the use of national data sets improves the level of data, the process was resource intensive, and unless the level of manual process could be reduced the burden may be prohibitive for some authorities.
- 23 The data from the 'dry run' study released on 23 October 2013, found that when using Department of Work and Pensions data, 78 per cent of electors matched, which was a higher percentage than achieved in previous pilots. It is anticipated that local matching will add a further seven per cent.
- 24 The government's analysis of underrepresented groups has concluded the multiplicity and diversity of under-registered groups mean that a range of approaches are needed to increase their registration rates.
- 25 Of the groups identified as underrepresented, young people and people in social housing are of particular concern. In response to this, on 6 August 2013, the government launched an innovation fund for community organisations of £4.2 million for schemes that would increase registration.
- 26 On 31 October 2013, the government released the breakdown of funding for local authorities for the transfer to the new electoral register. Although local authorities have been expected to fund the switch to Individual Electoral Registration (IER) from their existing elections budgets, the government has acknowledged that such an important change means there will be extra costs involved. Durham County Council has been allocated £135,990, although the council has queried the amount as we believe there has been an error in the calculation.

Community budgets

- 27 The government's approach to community budgets has developed into two distinct strands: 'whole place' community budgets and neighbourhood budgets, now referred to as 'our place' neighbourhood budgets.
- 28 Under the whole place strand, the government has supported the development of a network of local and national-level officials to support the wider adoption of community budgets across the country. Local authorities from nine specific areas are involved in the network. No local authorities from the North East are directly involved however, the council and other north east authorities have been asked to contribute via the Association of North East Councils.
- 29 Alongside the creation of the transformation network, the government announced a £9.2 million 'Transformation Challenge Award' fund to support local authorities that are radically overhauling and are at the cutting edge of innovation of service delivery.

30 One hundred and forty bids were received from local authorities and on 9 October 2013 the government confirmed that the following authorities would be funded:

- Bournemouth BC, Dorset CC and Poole BC - £750,000 for health and social care integration;
- East Sussex and Surrey CCs and county fire services - £750,000 for back office shared services;
- Kingston upon Thames RBC and Richmond upon Thames LBC - £500,000 to establish a children's services company to provide services for the two councils, with the possibility of provision for other local authorities;
- South Norfolk Council, Broadland DC, Norwich City Council, King's Lynn and West Norfolk BC - £500,000 to develop existing shared building control so it can be offered to a dozen more councils;
- East Riding of Yorkshire Council - £482,000 for integrated services for health and wellbeing;
- Cheshire West & Cheshire Council, Cheshire East Council, Warrington BC, Cheshire police, fire and probation services - £420,000 for crime reduction;
- Worcestershire CC - £400,000 to pay for half of the consultancy fees to set up a joint property vehicle for the Worcestershire Capital Asset Partnership;
- South Holland DC and Breckland DC - £385,000 to improve IT for the two councils who already share a number of services;
- Cherwell DC, South Northamptonshire DC and Stratford-on-Avon DC - £366,932 to extend Cherwell and South Northamptonshire's existing shared services to Stratford;
- Bath & Northeast Somerset Council - £300,000 to use public service data in coproduction of services with health, justice and other public service;
- Greater Manchester and Cumbria authorities - £292,000 for shared electoral service;
- High Peak BC and Staffordshire Moorlands DC - Extend existing sharing arrangement to new shared services;
- Swindon BC - £190,000 to develop 'One Swindon' strategy for large scale public service reform;
- Babergh DC and Mid Suffolk DC - £166,900 to extend existing sharing arrangement to other areas.

- 31 The county council was unsuccessful with the two bids it submitted: a partnership submission with Sunderland City Council to support the integration of a shared ICT service between the two authorities; and the development of a local area coordination (LAC) service model within Adult Social Care.
- 32 It has been reported that there will be a second round in 2015, which may have an increased funding pot of £100 million available.
- 33 Under the 'our place' strand, on 2 August 2013, the government announced its intention to expand the number of 'Our Place!' neighbourhood budget pilots. Currently there are 12 pilot areas and the Department for Communities and Local Government is looking to include another 100 areas and to develop a 'network of champions' from all sectors to provide support and advice.
- 34 Officers from the council have held preliminary meetings with DCLG to learn more about the scheme and to discuss potential interest in the council's Area Action Partnerships as an effective model for neighbourhood-level community engagement and delivery.

The Census

- 35 Following the 2011 Census, the Office for National Statistics (ONS) is reviewing how improvements in technology and in government data offer opportunities to either modernise the existing census process, or to develop an alternative census method that reuses existing data already held within government. Between September and December 2013, the ONS consulted on two potential options for carrying out the census in the future:
- a) An online census once a decade: This option would provide a range of outputs every 10 years across a wide range of topics. As in 2011 it would be compulsory, and would offer a high degree of continuity with previous censuses. Data would be collected at very small area level (output areas) and small population groups, giving a single, high quality snapshot of the nation. A survey covering around one per cent of the population would be used to adjust for those who did not respond, as per previous censuses. This approach would be to conduct an online census, however, other methods of responding would be made available;
 - b) A census using administrative data and surveys: This method would rely on utilising administrative data held by a number of government departments to produce an annual estimate of the population in local areas, supported by annual compulsory surveys of a small sample of households (the paper suggests a survey of one per cent of households to adjust for those who are not included in administrative data, plus a second survey of around four per cent of households to provide information about characteristics such as ethnicity). This method would provide statistics every year on key aspects of the population and housing stock and in due course, small area statistics at electoral ward level.

- 36 The council responded to the consultation, expressing a qualified preference for the online census once a decade as the better of the two options proposed.
- 37 This was based on concerns that the alternative 'administrative' option could lead to a reduction in data quality and the loss of local data on characteristics which many local authorities use to build detailed pictures of need in their local areas and to target resources to tackle need and inequalities more effectively.

Openness, transparency and accountability

- 38 On 29 September 2013, the Department for Communities and Local Government published Openness and transparency on personal interests: guidance for councillors.
- 39 This guide gives basic practical information to councillors about how to be open and transparent about their personal interests. It is designed to help councillors, including parish councillors, following the new standards arrangements that have been introduced by the Localism Act 2011.
- 40 The document has been revised to include a requirement for councillors to specifically register union memberships. In addition, a council's own code of conduct, guided by the seven principles of public life, should now specify a requirement to register personal trade union interests.
- 41 On 25 November 2013, the government issued a consultation on *Future of local audit: consultation on secondary legislation*, in anticipation of the enactment of the Local Audit and Accountability Bill, currently before Parliament. The Bill proposes abolishing the Audit Commission and introducing new local audit arrangements.
- 42 Of particular note is a proposal to bring forward the timetable for the publication of final accounts of local authorities by no later than 30 September each year. In part, this reflects the performance of some local authorities which publish their final accounts considerably earlier than others and also the government's desire to bring local authority reporting into line with other parts of the public sector and to enable the government to bring forward the publication of its Whole of Government Accounts, which include local government finance.

Parish councils

- 43 On 9 September 2013 the government published the outcome of its consultation on the discussion paper, *Making it easier to set up new town and parish councils*. This included three options for reforming the process:
- a) Amending existing guidance – this option proposed that a number of changes to the existing system be made by amending the statutory guidance issued by the Secretary of State. Local authorities would

have to have regard to the guidance in carrying out community governance reviews:

- b) Changing the law (including doing so after amending guidance) – this option proposed changing the threshold of signatures required for a petition to trigger a community governance review; limiting the scope for the local authority’s consideration of the issues in a community governance review; and shortening the timetable for the community governance review, and linking the timetable to the electoral cycle more clearly:
- c) Making it easier for neighbourhood forums to start the process for creating a new parish council – this option proposed that a neighbourhood forum which had completed a neighbourhood plan could submit an application to trigger a community governance review, rather than having to submit a petition with the required number of signatures. For areas without a designated neighbourhood forum the existing process of a petition would remain.

44 While there was general consensus towards the government’s overarching approach, respondents’ preferences were evenly distributed across the three options.

45 The government has consequently decided to:

- a) change the law to limit the time for a community governance review to 12 months from the receipt of a valid petition in all cases;
- b) reduce the number of signatures needed on a petition for a community governance review to 7.5 per cent of the local area population (higher for local areas with smaller electorates, in line with the current arrangement);
- c) introduce changes to make it easier for neighbourhood forums to start the process for setting up new parish councils. This would require that the forum has produced a neighbourhood plan which has been passed by a referendum of the local electorate before it can trigger a community governance review. While a forum would have the right to initiate a governance review, the review would itself test public support and the decision on the review would remain with the local authority;
- d) amend guidance to address the interpretation of the concepts of ‘effectiveness’ and ‘convenience’ in a community governance review and give weight to the perspective of the community in the interpretation of these concepts;
- e) amend guidance to recommend that the local authority sets out how the process can fit with the electoral cycle;

- f) amend guidance to recommend that local authorities have an appropriate internal review process on request, but not seek to establish a right of appeal for campaigners.
- 46 The government will shortly commence the legislative reform order process with the intention of implementing changes to the current system for setting up new parish councils within the next 12 months.
- 47 On 14 October 2013, the government extended the power to submit proposals under the Sustainable Communities Act 2007 to town and parish councils. The Act allows local authorities to identify barriers to social, economic and environmental improvements in their area and to ask the government to remove them. Barriers could be in legislation or guidance or they may be the result of established practice. The government hopes that extending the power to town and parish councils will encourage them to engage with the local community, asking for their ideas about how the community can be improved.

National Industrial Strategy

- 48 In September 2012, the Secretary of State for Business Innovation and Skills, Vince Cable, gave a speech about the government's Industrial Strategy which aims to improve business finance, investment in businesses, and Government procurement to provide more business opportunities. In June 2013, the government produced a document *entitled Investing in Britain's Future*, which set out more detail and reiterated the projects that the government would support, including investment in the Hitachi rail project at Newton Aycliffe.
- 49 The government's Industrial Strategy also recognised that the government has a role in supporting the development of unique or 'comparative' economic strengths of different parts of the UK. In this respect, the government identified that it needs to support the development of specific key sectors and emerging technologies that are inherent in specific locations across the country. During the summer and autumn of 2013, a number of strategies and action plans were produced for these individual sectors which provide an overview of relevant evidence and how the government will support them. The strategies provide a platform for the development of Strategic Economic Plans by Local Enterprise Partnerships, as well as economic plans for local authority areas and sub-regional partnerships.

Witty Review of Universities and Growth

- 50 In spring 2013 the Government commissioned Sir Andrew Witty to undertake a review of the way universities support economic growth. The findings of the review were published in October 2013 and its over-arching conclusion is that the government needs to simplify complex funding streams and help universities take a greater role in delivering economic growth.
- 51 It also focuses on the comparative strengths of regions and universities, identifying that the North East region has comparative strengths in the

automotive, life sciences, education, and construction sectors. It also identifies the specific sector and technological strengths of universities in the UK, recognising that Durham University has comparative strengths in offshore wind, satellites, advanced materials / nano-technology, oil and gas, and energy storage. As with the Industrial Strategy, this evidence provides a basis for diversifying economic activities from those in other parts of the UK via local, sub-regional, and regional strategies.

National Planning Practice Guidance

- 52 The Department for Communities and Local Government published the 'national planning practice guidance' for public testing and comment. The Beta site has now closed but the draft guidance material is still available. Existing guidance will not be cancelled until the new planning practice guidance is published in its final form, which is expected shortly. Items which the new guidance will cover include: advertisements; air quality; assessment of housing and economic needs; land availability; climate change; historic environment; design; the duty to cooperate; vitality of town centres, flood risk and coastal change; minerals; natural environment; noise; open space; rural housing; travel plans and water supply and quality.

Planning Guidance Portal

- 53 Between August and October 2013, the government held a consultation on an online [Planning Practice Guidance Portal](#) which brings together a range of resources in line with the government's new planning system. The consultation has now closed but the website is still live while the government responds to the consultation feedback and users will also be able to provide feedback once the portal is officially launched in the coming months

Community Infrastructure Levy (CIL)

- 54 The County Durham Plan includes proposals for the introduction of CILs in different parts of the county, where certain types of development will pay for additional or new community infrastructure. Following the government's consultation on further reforms to CIL in spring 2013, it issued its response in November 2013 which will be developed into regulations and updated guidance in January 2014. The proposed changes include a number of changes to when and how CILs are charged and paid and a relief for 'self build' properties.
- 55 In August, the Planning Advisory Service published a summary of the different CIL rates that have been set across the country, highlighting considerable variations, from £575 per square metre on the Thames waterfront in Wandsworth and £30 per sq metre in Bristol. The findings, as well as additional consultation on the Pre-Submission Draft of the County Durham Plan during autumn 2013, are being used to establish the appropriate rates in the county.

Social Housing Rent Policy

- 56 In October 2013, the government launched a consultation on the document *Rents for Social Housing from 2015-16*. The main proposals are to move from annual increases in weekly rents of RPI + 0.5 percentage points (+ up to £2 for social rents), which is the formula the council uses for council house rents, to increases of CPI + 1 percentage point. This will remove (from 1 April 2015) the flexibility available to landlords to increase weekly social rents each year by an additional £2. The changes will also make it clear that rent policy does not apply where a social tenant household has an income above £60,000 a year. The overall implication is that rent increases will be lower, and more stable, for those households earning less than £60,000 a year. The consultation closed on 24 December 2013.

North East Local Enterprise Partnership (NELEP) European Strategy

- 57 In late October 2013, NELEP published its draft European Strategy for a month-long public consultation. The plan was developed based on evidence that had been commissioned earlier in 2013, under the five themes of innovation, business growth, low carbon, inclusive growth, and education and skills (table 1). It also includes a breakdown of the proposed investment of European funds in County Durham.

Table 1: proposed investment of European funding in County Durham

Thematic objective	Total
European Regional Development Fund (ERDF)	
Innovation	£22m
Information and Communication Technology	*
Small and Medium-sized Enterprises	£45m
Low Carbon	£14m
Climate Change Adaptation	£2.3m
Environmental Protection	£2.3m
Sustainable Transport	£8.5m
European Social Fund (ESF)	
Employment	£10m
Social Inclusion	£8m
Skills	£22m

* European Agricultural Fund for Rural Development will be used to improve rural access to broadband.

- 58 The strategy requests that the government considers a unique calculation for apportioning funding to County Durham to support economic growth and attract investment. As a transition region, County Durham's allocation is €157 million (£134 million) and rather than the usual apportionment of 60 per cent ERDF, 40 per cent ESF, the strategy asks for a split of 70:30, so that the county receives more ERDF funding to use on the themes set out above. The county is due to receive an additional €9 million from the Youth Employment Initiative; therefore, it is considered that there will still be a considerable resource to support skills, social inclusion, and employment projects.

North East Combined Authority

- 59 In early November 2013, a public consultation was launched on the proposal to create a Combined Authority for the seven local authorities in County Durham, Northumberland, and Tyne and Wear. Known as the 'North East Leadership Board', it is anticipated that the new legally independent body will be launched on 1 April 2014 to lead the collaboration of local authorities on transport and economic growth. The over-arching aim is to accelerate strategic programmes and projects in the area that support economic growth.
- 60 It will collect economic intelligence to establish strategies for investing both funding that is devolved from the government and inward investment. It will also coordinate the management of traffic networks, major transport schemes, and bus services. The consultation closed on 2 January 2014 and Cabinet considered the council's response to the consultation at its meeting of 18 December 2013.

Rural Growth Network Pilots

- 61 The North East Rural Growth Network Pilot covers the rural parts of County Durham, Northumberland and Gateshead and has secured £3.2 million of investment. It is one of five national pilots and works closely with Defra to implement innovative solutions to rural economic growth. Managed by North East Farming and Rural Advisory Network NEFRAN which also takes the lead on regional rural policy on behalf of NELEP, plans are progressing to provide new business workspace in the Durham Dales. Five rural economic development officers have also been appointed in County Durham to support rural businesses and entrepreneurs, and an officer has been appointed to work across rural parts of the North East to improve broadband demand and take-up.

Regional Growth Fund Round 5

- 62 In October 2013, the fifth round of the Regional Growth Fund opened, with the government inviting applications from businesses seeking investment of over £1 million. In this round, the government is making £300 million available and is inviting both programme and project bids, but is specifically looking for businesses seeking capital investments. Local authorities and Local

Enterprise Partnerships are not eligible to apply, and any bids must be able to match the government's investment, at least. The closing date for bids was 9 December 2013.

NHS reform

- 63 Members received a comprehensive briefing on progress with NHS reforms at the meeting of Cabinet on 9 October 2013 and a more detailed update is also being considered at today's meeting of Cabinet.
- 64 Since then, NHS England has published its Call to Action on the future of the NHS setting out the need for the NHS to change the way it approaches health and support. The Call to Action marks the start of an extensive consultation process, including engagement with health and wellbeing boards, the public, patients, health service and other staff, and town hall meetings to encourage an inclusive discussion. The engagement will be patient and public-centred through hundreds of local, regional and national events, as well as through online and digital resources. It will produce meaningful views, data and information that CCGs can use to develop three to five commissioning plans setting out their commitments to patients and how services will improve. This information will also be used by NHS England to shape its direct commissioning responsibilities in primary care and specialised commissioning.

Care and support reform

- 65 The draft Care Bill, introduced to Parliament in 2013, is currently progressing through the Parliamentary system.
- 66 The government has established a partnership with the Local Government Association (LGA) and the Association of Directors of Adult Social Services (ADASS) to support implementation of the Care Bill from April 2015. The Care and Support Programme and Implementation Board will provide assurance that all organisations involved in the implementation of the Care Bill have the necessary plans in place to deliver on their requirements.

Integration of Health and Social Care

- 67 The government has an ambitious plan for care and support to be better integrated with health care through the effective capture and flow of information. Clear guidance will be provided for local authorities and suppliers for the crucial changes to IT systems which the care and support reforms require. National standards will be developed where necessary to support local delivery and promote interoperability and align this work with other levers to encourage local informatics progress, including the Integration Transformation Fund (now known as the Better Care Fund) and Integration Pioneers.
- 68 The Better Care Fund (BCF) is a single pooled budget for health and social care services to work more closely together in local areas, based on a plan

agreed between the NHS and local authorities. Plans for the use of the pooled monies will need to be developed jointly by Clinical Commissioning Groups and local authorities and signed off by each of these parties and the local Health and Wellbeing Board by March 2014. In 2015/16, the £3.8 billion BCF will be created from the following:

- £1.9 billion NHS funding;
- £1.9 billion NHS funding in 2014/15 that is allocated across the health and wider care system.

69 The Spending Review agreed that £1 billion of the £3.8 billion will be performance related, with half paid on 1 April 2015 (which is likely to be based on performance in the previous year) and half paid in the second half of 2015/16 (which could be based on in year performance). To access the BCF, each locality will be asked to develop a local plan by March 2014, which will need to set out how the pooled funding will be used and the ways in which the national and local targets attached to the performance-related £1 billion will be met.

70 On 18 December 2013, the government confirmed the social care funding allocations for the council in the Local Government Finance Settlement covering the period 2014/15 and 2015/16. In 2014/15, the social care funding allocation has been confirmed as £39.193 million, with an indicative BCF allocation for 2015/16 of £43.735 million.

Transforming Rehabilitation

71 The rehabilitation programme will transform the way offenders are managed in the community to achieve a reduction in the rate of re-offending whilst continuing to protect the public.

72 The key aspects of the reforms are:

- a) a new public sector National Probation Service will be created, working to protect the public and building upon the expertise and professionalism which are already in place;
- b) for the first time in recent history, every offender released from custody will receive statutory supervision and rehabilitation in the community;
- c) a nationwide 'through the prison gate' resettlement service will be put in place, meaning most offenders are given continuous support by one provider from custody into the community;
- d) the market will be opened up to a diverse range of new rehabilitation providers in the public, voluntary and private sectors, at the local as well as national level.

- 73 New payment incentives for market providers to focus relentlessly on reforming offenders will be introduced, giving providers flexibility to do what works and freedom from bureaucracy, but only paying them in full for real reductions in reoffending.

National Curriculum Reform

- 74 In September 2013, the Secretary of State for Education published the new national curriculum framework following a series of public consultations. In reviewing the national curriculum the government has sought to give all children, regardless of their background, access to a high-quality curriculum, benchmarked against the best-performing nations in the world.
- 75 The majority of the new national curriculum will come into force from September 2014, so schools have a year to prepare to teach it. All maintained primary and secondary schools must teach this national curriculum to all year groups from September 2014. From September 2015, the new national curriculum for English, mathematics and science will come into force for years 2 and 6; English, mathematics and science for key stage 4 will be phased in from September 2015.
- 76 The government believes that headteachers and their staff are best-placed to decide what training and resources are needed to support excellent teaching of the new curriculum in their schools. As a result, there will be no central, national roll-out of identical training packages.

Qualifications

- 77 The government is currently analysing feedback from the consultations on GCSE reform which closed in September 2013. The consultations looked at subject content, assessment and regulatory requirements. Teaching of new GCSEs for English and maths will start in 2015, with other subjects starting in 2016. New A levels in most of the key subjects will be available from 2015; with maths and language A levels available from 2016. January exams for AS and A levels will be abolished from September 2013.
- 78 The government will ensure that all young people study and achieve in English and mathematics, ideally to GCSE A*-C, by the age of 19. Those who have not achieved a C or better in GCSE maths or English by the time they finish secondary school, will be required to continue to study the subjects in post-16 education until they get these qualifications. In this situation, although they will ideally continue to study GCSEs, they may take other qualifications – including functional skills and free-standing mathematics qualifications accredited by Ofqual – as a stepping stone to GCSE study. This will become a condition of funding for colleges from 2014.

Special Educational Needs (SEN) Reform

- 79 The draft Children and Families Bill is proposing to bring together pre- and post-16 support for children and young people with special educational needs

and learning difficulties into a single, birth-25 system. In September 2013, Edward Timpson, Parliamentary Under Secretary of State for Children and Families wrote to all Directors of Children's Services outlining the funding available to local authorities to support them with the implementation of SEN reforms from September 2014. Funding will be provided to local authorities from October 2013 for 2013/14.

- 80 The Department for Education and the Department of Health is currently seeking views on a new SEN code of practice and replacing SEN statements (for schools) and learning difficulty assessments (for young people in further education and training) with single 0 to 25 education, health and care plans. In addition, the government is also consulting on the timetable for transition to the new system, which will be phased in from September 2014.

Single Inspection Framework for children in need of help and protection, children looked after and care leavers

- 81 Announced by Ofsted in September 2013, and coming into effect from November 2013, the framework brings together into one inspection: child protection; services for looked after children and care leavers; and local authority fostering and adoption services.
- 82 Inspectors will make three key judgements in the single inspection:
- the experiences and progress of children who need help and protection;
 - the experiences and progress of children looked after and achieving permanent homes and families for them;
 - leadership, management and governance.
- 83 If a local authority is judged 'inadequate' in any of these three critical areas, it will automatically be judged 'inadequate' overall. These inspections will be delivered in all local authorities in England over a three-year period. During that time, Ofsted will be working closely with partner inspectorates to establish the additional criteria required to evaluate and judge the contribution of health, police, probation and prison services in the help, care and protection of children and young people. This work will inform the development of a joint inspection of child protection and safeguarding arrangements to be led by Ofsted from 2015. These criteria will be subject to consultation during 2014.

Early Education Places

- 84 In September 2010, all three and four year olds became entitled to 15 hours a week of state-funded early education and 96 per cent take up some or all of their entitlement (95 per cent in County Durham).
- 85 From September 2013, all looked after 2 year olds and 2 year olds from families who meet the criteria for free school meals (approximately 130,000 children in England) will also be entitled to 15 hours a week of early

education. From September 2014, the number of early learning places for two year olds will be extended further, to around 260,000 children.

Consultations

- 86 Since the last report to Cabinet in September, the government has opened 78 consultations and calls for evidence. Appendix 2 details the consultations and calls for evidence which are currently open (as at 18 December 2013).

Implications

- 87 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

- 88 The council continues to monitor, anticipate and responds to changes in local government finance. Cabinet received a report on the latest position on 18 December 2013 and a further update is included in the report on the Medium Term Financial Plan elsewhere on the agenda for today's meeting of Cabinet.
- 89 The decision announced in the Autumn Statement to exempt local government from the further reductions in departmental spending over the next three years is welcome, however it should be considered within the context of the spending reductions announced in the spending review in June and the subsequent consultation on the local government finance settlement. The exemption is also based on a government expectation that councils freeze council tax in 2014/15.
- 90 The Institute of Fiscal Studies (IFS) has also suggested that a number of the allowances and concessions announced in the Autumn statement are not funded beyond 2015 and that the government will need to make further savings elsewhere in order to sustain them. It suggests that the pace of reductions in public service spending will accelerate from 2.3 per cent a year between 2011 and March 2016 to 3.7 per cent a year until early 2019 in order to meet the Chancellor's target of reducing borrowing such that the country achieves a small cash surplus by 2018/19.
- 91 The proposal to issue temporary rates relief for newly built commercial property and the various announcements on business rates in the Autumn statement are welcome as they offer the council potential incentives to encourage and facilitate commercial property development in the county and the occupation of empty premises, particularly in town centres. It is understood that these initiatives will be fully funded by government to the tune of £1.1 billion.

- 92 Of particular note is the government's decision not to top slice £330 million from the New Homes Bonus to fund Local Growth Fund investment by local enterprise partnerships in 2015/16. This was a key issue for local government in its response to the technical consultation on the New Homes Bonus, and in fact was the principal announcement in the Secretary of State's letter to local government on the main implications of the Autumn statement for the sector.
- 93 With regard to the pooling of Business Rates, this is not something which the council is currently exploring within the context of the two sub-regional Local Enterprise Partnerships in the North East region.
- 94 The consultation on allowing capital receipts to be used to fund the one-off revenue costs of service reforms is of particular interest, given the on-going pressure on revenue spending and the continuing need to review, reform and restructure service delivery models in the county. It should be noted however that ability to do so, will be subject to a competitive bidding process as opposed to a funding mechanism which is generally available.
- 95 The same applies to the increased borrowing limit on the Housing Revenue Account – councils will need to bid for a share of the £300 million increase in the ability to borrow to finance house building and improvements.
- 96 At its meeting of 4 December 2013, Full Council agreed the continuation of the council's current Local Council Tax Support Scheme into 2014/15. Given that the government intends to review the up-rating of allowances and non-dependent deductions in local council tax support schemes in 2015/16, the council will need to monitor the review and respond to any new regulations and guidance when developing its own scheme in subsequent years.
- 97 The Audit Commission analysis of local authority income from charging, identified that in 2011/12 income from charging contributed 9.46 per cent towards service expenditure in Durham which the Audit Commission considered to be 'average' for the similar types of authority and less than the national average for all English councils of 15.02 per cent. The level of income from charges had increased compared with the previous year, which reflected the pressure on council finances following the 2010 Emergency Budget and Comprehensive Spending Review and the council's medium term financial strategy.
- 98 The increase in funding to support the introduction of Individual Electoral Registration in 2014 is welcome as it is imperative that the council maintains the integrity of the electoral register and encourages as many people as possible to register to vote, in the run-up to the general election in 2015 and the next council elections in 2017. The council has however queried the amount allocated as it appears to be based on a significant under-estimation of the number of new electors added to the roll in the county between 2010/11 and 2011/12.
- 99 Whilst it was disappointing that the council's two bids for Transformation Challenge funding were unsuccessful, Members may wish to note that the council is helping to inform the development of community budgeting policy

via the Association of North East Councils (ANEC) and has had positive preliminary discussions with the DCLG regarding the area action partnerships and the extension of the 'One Place!' neighbourhood budget pilots.

- 100 The consultation regarding the future of the Census is of particular interest given the importance of census statistical data for strategic and service planning in the county. The council responded to the government consultation and also contributed to the response from ANEC.
- 101 Although the outcome of the consultation is awaited, it has to be seen within the context of a general diminishing of access to local data. Of particular concern is the potential loss of local data on characteristics derived from the census if the ONS opts to rely on existing government data sources instead. Such data helps local authorities to build a picture of the inequalities between local areas, which in turn helps councils to target and use resources more effectively to meet local population needs.
- 102 The outcome of the consultation on new local audit arrangements is awaited. Whilst no specific date was proposed for the earlier publication of final accounts by local authorities, the implication in the consultation paper is that the government is looking towards publication before the traditional summer recess, as opposed to by 30 September each year, as currently required.
- 103 The government acknowledged that local authorities would need to make significant changes to their systems and processes to move the publication date forward and as such proposed that they would be given at least 12 months notice before the beginning of the first year to which any new timetable would apply.

Altogether wealthier

- 104 The council and County Durham Economic Partnership (CDEP) are continuing to support and inform the development of the NELEP European Structural and Investment (ESI) Strategy. Considerable discussions have taken place to review the allocation apportionment of resources and its implications. It is strongly felt that County Durham requires a 70:30 split of ERDF and ESF to enable the delivery of economic infrastructure in the county. The draft Strategy notes the CDEP Board as an advisory panel, due to Durham's transition area status, which is an important recognition which will help to ensure that within future governance arrangements the county can make strong recommendations for investment in Durham. NELEP is currently consulting on the draft ESI Strategy and the CDEP (supported by the council) is submitting a response supporting the need for the 70:30 split within Durham and emphasising the need for CDEP to continue to be recognised as the strategic and management lead for the Durham transitional programme. Through the CDEP, partners are informing the development of potential areas for intervention and types of activities that could be supported through EU structural funds. Key thematic workstreams are being led by partners to consider areas such as youth unemployment, digital innovation, higher level skills and business support.

- 105 If approved, the North East Leadership Board (Combined Authority) would have responsibility for a number of transport functions that were previously undertaken by Durham and Northumberland, including the preparation of Local Transport Plans and bus strategies, powers to make a Quality Partnership Scheme or Quality Contract Scheme, and making joint ticketing schemes. However, a number of operational transport functions would be devolved to Northumberland and Durham to enable local delivery arrangements to continue during a period of transition. These include information provision, infrastructure delivery, procurement of subsidised bus services, and concessionary travel.
- 106 As stated above, the council responded to the consultation to create the North East Leadership Board and discussions are currently taking place in anticipation that the combined authority will be agreed. Councillor Henig has been appointed as the new chair of the shadow North East Leadership Board, which as well as working with the North East Local Enterprise Partnership on an area wide approach to key strategic issues, would also oversee the transition to new statutory body.
- 107 The council is continuing to work with and support the development of the North East Local Enterprise Partnership's Strategic Economic Plan to ensure that we make the most of any available opportunities presented and ensure that the County's priorities and ambitions are reflected within the Plan.
- 108 The council will continue to work with Durham University to boost economic growth and consider any recommendations of the Witty Review. There are opportunities through the European investment planning to continue working in partnership to boost economic growth. In addition, Business Durham is continuing to work with Durham SMEs to stimulate growth, develop key business sectors and are supporting the development of an Innovation Framework which is being led by NELEP.
- 109 The council responded to the consultation on the new National Planning Practice Guidance and supported the need for reduced complexity. The new guidance is expected to be launched nationally before the end of 2013. However, it must be noted that the guidance does not involve any changes to the national policy set out in the National Planning Framework. The council will continue to promote the use of the guidance through the planning guidance portal.
- 110 Considerable discussions have taken place with partners as part of the wider County Durham Plan pre-submission draft to consider the detail and implications of the Community Infrastructure Levy (CIL) in the county. The council is committed to establishing appropriate rates and balance the use of CIL for new community infrastructure where it is needed.

Altogether healthier

- 111 The Care Bill is part of the move towards integrating health and social care, which will have major implications for the county. The Bill aims to ensure there is person-centred, coordinated and continuous care and support, which

is tailored to the needs and preferences of the individual, their carer and family. In order to do this, it emphasises a whole system approach to integration, which will need to include primary care, community health, social care, the acute sector and wider partners such as the voluntary sector and housing providers. Joint local decision making and planning will be crucial to the delivery of integrated care for people and a more joined up use of resources locally.

Altogether safer

- 112 The transforming rehabilitation programme aims to reform local delivery of probation services. However, the timetable for implementation of the changes is tight and a number of detailed policy aspects are still to be resolved. There is consequently a concern that if the reforms are poorly managed or lead to fragmented offender management services, there could be a rise in reoffending and subsequently crime rates.

Altogether better for children and young people

- 113 The government has stated that it is necessary to introduce a curriculum and qualifications that give individual schools and teachers greater freedom to teach in the way they know works and that ensure that all pupils acquire a core of essential knowledge in English, mathematics and sciences.
- 114 Subject to the passage of the Children and Families Bill, local authorities, early education providers, schools, colleges, health bodies and those who work with them will have legal duties to identify children and young people with special educational needs (SEN), assess their needs and provide support to them and their families.
- 115 The council is working with partners to ensure that implementation of the SEND reforms is joined up and plans are in place to meet the new requirements.
- 116 The confirmation in the Autumn statement that free school meals are to be introduced for infant school children in state schools is welcome, although this is one of the initiatives that the Institute for Fiscal Studies has claimed is not funded beyond 2015/16.

Altogether greener

- 117 There have been no major policy announcements against the altogether greener theme since the last report to Members in September 2013.

Implications for partnership working

- 118 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.

- 119 The County Durham Partnership considers these policy implications reports alongside Cabinet and Corporate Issues Overview and Scrutiny Committee, and will take into consideration emerging government policy and legislation in developing the new sustainable community strategy for the county, which is due to be considered by Cabinet on 19 March 2014.

Conclusions

- 120 Compared with previous policy implications reports to Cabinet, it is apparent that the government is making fewer major policy announcements compared with the initial years of this parliament. In part, this reflects the shift in policy effort from policy development, reform and legislation seen in the first few years to the subsequent implementation of those reforms. It may also reflect a natural slowing down in policy development as the coalition partners and other political parties prepare for the forthcoming general election campaign.
- 121 Of particular note is the government decision to continue with its strategy of austerity measures as outlined in the Chancellor's Autumn statement. While local government has been exempted from the immediate additional spending reductions, this should be seen within the context of other recent spending reductions and the reduction in spending on welfare, which will now be subject to an annual cap on the overall welfare budget.
- 122 Clearly, the various policy changes will have major implications for the council and the steps it is taking to develop an 'altogether better Durham'.
- 123 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, which will be taken into account in the refresh of the County Durham Sustainable Community Strategy and the council plan and supporting service plans.

Recommendations

- 124 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, 11 September 2013, Implications for Durham County Council of the Government's policy programme](#)

[Cabinet, 11 September 2013, Welfare reform update and review of Local Council Tax Support Scheme](#)

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Appendix 1: Implications

Finance – Local government is to be exempted from the further reductions in departmental spending over the next three years on the basis that councils are expected to freeze council tax in 2014/15. The government decision against top slicing the New Homes Bonus to fund the Local Growth Fund, assures the sector that £330 million will not be re-directed elsewhere. The various business rates initiatives will be fully funded by the government to the tune of £1.1 billion. The ability to use capital receipts to fund one-off revenue costs and to increase Housing Revenue Account borrowing to fund housing developments and improvements will be subject to competitive bidding processes.

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 – Text.

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.

Appendix 2: : Government current consultations and calls for evidence

Consultation	Government Department	Closing date
Open consultation: Maximum speed limit for tractors on public roads	Department for Transport	30/01/2014
Open consultation: Agricultural weight limits for trailers and combinations	Department for Transport	30/01/2014
Healthwatch England: the way forward	Healthwatch	10/03/2014
No less than 'good' for children's homes demands Ofsted	Ofsted	21/02/2014
Open consultation: Public service pensions regulations 2014: record keeping and miscellaneous amendments	Department for Work and Pensions	17/02/2014
Open consultation: Local authority parking strategies	Department for Communities and Local Government	14/02/2014
Open consultation: Checking and Challenging your Rateable Value	Department for Communities and Local Government	03/03/2014
Open consultation: National road and rail networks: draft national policy statement	Department for Transport	26/02/2014