

26 February 2014

Report from the Cabinet



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## Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 15, 22 January and 12 February, to enable Members to ask related questions.

Members are asked to table any questions on items in this report by 2 pm on 25 February 2014 in order for them to be displayed on the screens in the Council Chamber.

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**1.      Customer First Strategy Refresh 2014-2017**  
**Key Decision: NS/22/13**  
**Cabinet Portfolio Holder – Councillor Brian Stephens**  
**Contact – Alan Patrickson 03000 268 165**

We have considered a report of the Corporate Director, Neighbourhood Services which sought approval to carry out public consultation on a new Customer First Strategy for the Council for 2014-2017.

In line with the ‘whole council approach’ to Customer Services, the Customer First Strategy seeks to broaden accessibility to information and increase the online capability to transact with the council. This approach will ensure best use of existing resources and buildings to provide a network of service access points which are instantly recognisable through a single branding, provisionally entitled “Information Durham”. When implementing this approach, clarity will be provided in relation to where key transactions such as benefits will be offered and customers will have much greater access to services and information.

Delivery of the Strategy will result in changes both internally, in relation to integration of services and enabling “channel shift” so that customers are able to and want to access services through digital means. The report proposed that a consultation exercise be undertaken to obtain the views of the public on a number of issues central to the strategy document and the direction of travel proposed in it.

The proposed consultation routes include:

- On-line survey (Paper copies will be available at locations across the county to ensure those without access to PCs/internet access can participate)
- Focus group meetings and signposting through AAPs
- The Disability Partnership
- Partnership Delivery Improvement Group

- Investors in young people
- People's Parliament

The consultation will take place over 12 weeks, commencing on 20 January 2014 and finishing on 14 April 2014.

## **Decision**

We have approved the commencement of the consultation on the Customer First Strategy. A further report will be presented to us following the consultation exercise to confirm the final strategy document.

## **2. Customer Access Point Review**

**Key Decision: NS/23/13**

**Cabinet Portfolio Holder – Councillor Brian Stephens**

**Contact - Alan Patrickson 03000 268 165**

We have considered a joint report of the Corporate Director, Neighbourhood Services and the Corporate Director, Regeneration and Economic Development on the current position and future direction of travel in relation to providing face to face access to services through Customer Access Points (CAPs). The report presented options for consideration and proposed a way forward in the light of customer requirements and savings targets.

The Council's most recent Medium Term Financial Plan identified that the level of savings required in the period 2011 to 2017 has increased considerably to a figure of £222 million. Total revenue expenditure on Customer Services is approximately £4.06 million.

We approved the original Office Accommodation Strategy on 2 November 2010 to enhance the Council's customer service provision and rationalise office accommodation before April 2014. Analysis work on the current use of CAPs was undertaken by the research and consultation team, sponsored by the Customer Focus Board which explored the types of interactions and services requested and also defined areas from which demand originates.

The Customer First Strategy is currently undergoing a refresh, with a direction of travel to deliver more efficient and effective access channels and more responsive customer focussed services. One of the key mechanisms for delivering these objectives is the movement of customer contact away from expensive channels. Face to face remains the most expensive way of dealing with customer enquiries. When compared to near neighbours, Durham County Council provides a generous proportion of Access Points with an above average number of access points per population. Customers' expectations regarding the way they can access our services are changing with 44% of households using the internet to make payments, which is higher than the national average. The Government's approach to 'Digital by Design' which aims to deliver public services online or by other digital means, will increasingly see public services being required to consider digital access as

the first option. However, it is recognised that there are groups of people who do not have access to the internet, or, have a need to access services via traditional methods.

In light of reducing budgets and continuing pressures on revenue and general reductions in services County-wide, the report requested that consideration be given as to whether the planned increase in CAPs and the associated revenue expenditure remained appropriate and sustainable.

The following options were considered:

**Option 1 – Maintain the current strategy, increasing revenue expenditure on face to face customer services.**

By continuing full delivery of the Accommodation Strategy, there will be capital expenditure of £2,147,736 and an increase in the Customer Services revenue budget of £136,665. Developments at Stanley, Newton Aycliffe and Bishop Auckland would result in the closure of Spennymoor CAP as a face to face access point. Staff from Spennymoor would be redeployed to alternative locations to support delivery in these areas. This option would considerably increase access to services available prior to LGR.

However, the analysis carried out has shown Spennymoor is one of the busiest CAPs with one of the largest catchment areas. Should this close, the nearest short term available alternative would be the service at Bishop Auckland, which, due to its facilities, would not be able to deal with the demand and would create significant operational difficulties until the projects at Bishop Auckland and Newton Aycliffe were delivered. This option would also fail to achieve the required MTFP saving resulting in further steps being taken through contingency to address this.

**Option 2 - Revise the Office Accommodation strategy to achieve a reduction in revenue expenditure**

Under this option, Spennymoor, the most popular CAP, would remain open as a staffed face to face CAP. Newton Aycliffe, Bishop Auckland and Peterlee would offer a surgery based service. This would be provided from suitable locations and through working with other service providers. This would result in all the areas identified in the Office Accommodation Strategy receiving a Customer Service offer.

In addition to CAPs identified above, information will be available in a variety of Council owned properties, providing customers with signposting assistance. This new provision will be presented under a common 'Information Durham' branding alongside identified CAPs.

This option would considerably increase access to services when compared to the circumstances prior to LGR. All of the areas identified in the Office Accommodation Strategy would still receive a service of some type, with a further enhancement upon implementation of the strategic direction of 'Information Durham'.

Customer Services is required to make £196,000 MTFP savings in 2014/2015 which can currently only be achieved by a reduction in service provision. By ceasing the planned CAP developments the identified £136,655 increase in operational costs would be avoided and therefore contribute to this target.

This option proposes that Bishop Auckland CAP, which is likely to be sold in the near future, be vacated and service re-deployed as a surgery in a nearby Council owned property. Services would continue on an appointments basis for Revenues and Benefits. This would achieve the additional £59,345 saving. In total these changes would achieve MTFP target with considerably less impact on the front line than the full closure of Spennymoor CAP.

It would also be a feasible option to reconfigure the current plans to move the Stanley CAP into the Louisa centre as part of this option, without increasing revenue costs, to incorporate improved accommodation as part of this option.

In summary, this option will result in:

- Relocation of the CAP at Stanley
- a surgery based service at Bishop Auckland and Peterlee
- Newton Aycliffe will continue to offer surgery provision in line with the leisure centre / library project.
- Spennymoor will retain the existing CAP
- No further increases in revenue expenditure
- Savings incurred on Capital financing
- Planned MTFP savings achieved
- 'Information Durham' provision and branding developed

### **Option 3 – Closure of further CAPs**

Option 3 considered the further closure of CAPs to continue the direction of travel towards expenditure reductions.

The analysis of work undertaken to inform this review has shown that if CAPs other than Spennymoor were to be considered for closure to generate revenue savings then others should be considered based on popularity, proximity and current operating models. When taking a strategic view, considering the popularity, proximity and current operating model, the two CAPs which could be closed, where the impact could be mitigated by nearby CAPs, would be Bishop Auckland and Stanley. As with option 2, in addition to CAPs identified above, information will be available in a variety of Council owned properties, providing customers with signposting assistance. It should be noted that Stanley CAP returned one of the highest usage rates per head within its catchment, implying that although demand would be displaced to nearby CAPs, this would impact upon the capacity to deliver services within this area.

From the closure of the two CAPs a total saving of £234k would be achieved, resulting in an overall saving for this option of £371k. A restructure of customer services would be required to achieve this saving with a required reduction of approximately 9 FTE.

#### **Option 4 – Adopt an alternative service delivery model**

The final option considered was to move to an alternative delivery model for face to face contact, with a small number of centres offering full face to face interview services, potentially by appointment only, with staff in other centres such as leisure centres and libraries providing frontline signposting services.

This option has not been fully costed and would represent a significant change to the way customers receive face to face services. Interview space would be restricted to potentially four centres at Consett, Durham, Seaham and Spennymoor on an appointment only basis, potentially supplemented by surgeries in other locations.

In addition to the CAPs identified above, information will be available in a variety of Council owned properties, providing customers with signposting assistance. The availability of the core services would however be reduced.

Major impacts of this alternative delivery model would be upon customers accessing the benefits service who currently prefer or require face to face interactions. There would also be impacts on hosted services that rely on Customer Services to provide accommodation, signposting or reception function, in particular (Housing Solutions and Welfare rights). Based on 2012/13 data 130,000 interactions at access points would need to be accommodated by an alternative resource.

#### **Decision**

We approved Option 2 for implementation.

### **3. Local Education Partnership Director Cabinet Portfolio Holder – Councillor Alan Napier Contact – David Theobald 03000 260 542**

We have considered a report of the Corporate Director, Resources requesting approval to appoint a new Director to represent Durham County Council on the Board in Inspiredspaces Durham Limited who are the Council's Building Schools for the Future contractor.

Since signing the SPA the Council has been represented on the Board of Directors by a Finance Manager in the Resources Service Grouping. This directorship has come to an end. Following agreement of the Corporate Directors for Resources and Regeneration and Economic Development, Adrian White, the Head of Transport & Contract Services in the Regeneration and Economic Development Service Grouping has been identified as an appropriate officer to represent the Council on the Board of Directors.

#### **Decision**

We have agreed the appointment of Mr Adrian White as Durham County Council's Director on the Board of Inspiredspaces Durham Limited.

**4. Medium Term Financial Plan 2014/15 to 2016/17 (MTFP (4)) and 2014/15 Budget**

**Key Decision: Corp/R/13/02**

**Leader and Deputy Leader of the Council – Councillors Simon Henig and Alan Napier**

**Contact – Jeff Garfoot 03000 261 946**

We have considered a joint report of the Corporate Director, Resources and the Assistant Chief Executive updating on the Medium Term Financial Plan MTFP (4) 2014/15 to 2016/17 and 2014/15 Budget, following the Government's Local Government Finance Settlement announcement on 18 December and feedback from the budget consultation process that ended on 7 December 2013.

MTFP (1) – (3) and reports to date on the development of MTFP (4) track the impact of continuing austerity on Durham County Council. The Council is on track to have delivered spending reductions of £113.9m since 2011/12 by the end of this financial year. This level of Government funding reduction is unprecedented.

Despite reducing spending so significantly, a similar target remains to be delivered over the next 3 years. Prior to receiving the settlement, the Council forecast that total savings would reach £223 million by 2017.

The financial settlement was received on 18 December and details of this were presented within the report. The main points included:

- the settlement confirms that there will be significant reductions in Government funding which are broadly in line with the funding reductions forecast by the Council;
- although there has been a positive response to the Council and local government's response to the consultation on New Homes Bonus, overall the settlement does not contain changes requested by the sector;
- it is still apparent that deprived areas will continue to see higher levels of funding reductions for both 2014/15 and 2015/16;
- there remains, even at this late stage in the process, information that is needed to finalise and set the council's budget. For example details on specific grants and information relating to the Council Tax Referendum Limits are still awaited at the time of writing. The council needs to complete the development of MTFP (4) with the risk that this information could mean late changes are required.

The council undertook innovative and wide ranging consultation on the MTFP throughout October to early December. Building on expertise on participatory budgeting (PB), all 14 Area Action Partnerships (AAPs) conducted a PB event (or events in the case of Mid Durham). Over ten thousand people voted at the

PB events with more than 3,000 giving the council their views on the MTFP and 1,300 taking part in a board game based exercise designed to glean spending priorities through group discussion.

The key findings of the consultation were:

- members of the public found it hard to identify the required level of savings that the council needs to deliver;
- across all of the different methodologies, there was little consensus on which services to 'protect' in relative terms;
- there was considerable consensus on the services from which to take more savings. However, on their own, these would not be sufficient to meet the level of savings required;
- there was a rich level of intelligence from the group exercise work;
- there was support from the focus groups for a council tax rise of up to 2% but very little support for a rise in excess of this level.

Despite the difficulties posed by these unprecedented funding reductions on top of unavoidable budget pressures such as inflation pressures, the budget proposals for 2014/15 include a number significant investments, aligned to the core priorities of the Council and the outcome of the public and stakeholder consultation.

The late receipt of the financial settlement resulted in a short timeframe to complete the required next steps:

- to consider the implications of the specific grants and Council Tax Referendum Limits which we are still waiting to receive confirmation of;
- to finalise the equality impact assessments for the 2014/15 proposals;
- to consult our strategic partners on the proposals presented in Appendix 4 to supplement the public consultation process;
- to receive comment and consider recommendations from Overview and Scrutiny.

The next steps in completing MTFP (4) are:

- to consult with strategic partners on the proposals and approach outlined in this report;
- to invite comment and consultation from Overview and Scrutiny;
- to update the report as outstanding information required to set the budget is received by Government;

- to complete the EIAs.

Further consultation, to complement that undertaken with the public is proposed with strategic County Durham Partnership partners, local councils and the voluntary sector through the board and respective working groups.

Non-executive members are a key group who have been engaged in the development of this year's MTFP, through a series of scrutiny meetings and member seminars. Two further scrutiny sessions are planned for members to comment on the MTFP, consultation results and the 2014/15 savings proposals and linked equality impact assessments.

The council continues to plan effectively to ensure the delivery of the MTFP Planning processes continue to be supported by consultation on both the MTFP and on individual savings plans. This process ensures that the views of the public are taken into account when developing overarching savings strategies and also the delivery of individual savings.

This effective planning process is set against a background of late and delayed information being received from Government. The late receipt of settlement information causes significant difficulties in planning effectively with the late receipt of confirmation of the Council Tax Referendum Limit for 2014/15 being an example of the very difficult position faced by the council.

Notwithstanding the problems identified above, the council is able to develop a balanced budget for 2014/15 which enables investment in council priorities and a savings strategy which is in line with the public's MTFP consultation responses.

There can be no doubt however that the council will face greater challenges in the future with the need to identify additional savings of £64.1m in 2015/16 to 2016/17 and the likelihood of additional savings beyond this period.

## **Decision**

We have:

- (a) noted the budget and medium term financial plan update in relation to the provisional Local Government Finance Settlement announced on 18 December 2013;
- (b) noted that the Government has not adjusted the methodology for applying funding reductions in the light of consultation responses;
- (c) agreed the savings proposals for 2014/15 as detailed in Appendix 4 of the report be finalised, including the finalisation of the equality impact assessments;
- (d) noted the estimated £64.1m savings shortfall for the period 2015/16 to 2016/17;

- (e) agreed to consult Overview and Scrutiny and strategic partners in the manner proposed in the report.

**5. Revised Equality Policy and Approach**  
**Leader of the Council – Councillor Simon Henig**  
**Contact – Kay Winter 03000 268 020**

We have considered a report of the Assistant Chief Executive which provided information on the revised equality policy and the streamlined corporate approach to equality planning and performance management.

The Equality Act 2010 replaced previous equality legislation which contained a number of specific requirements for local authorities, these covered policies, action planning, equality impact assessment, monitoring and reporting processes. The Equality Act is now less prescriptive in relation to policies and procedures than the previous legislation. In response, equality policies have been reviewed together with the approach to equality planning in order to maintain commitment in a cost effective manner.

The aim of the review was to update the policy and provide a clear, concise message. The revised policy is a simplified and streamlined commitment to treating people fairly, with respect and dignity whilst complying with our legal responsibilities. The policy will apply to every elected member, employee, volunteer or organisation representing the authority through contractual or commissioning arrangements. There are a number of key commitments relating to service delivery, employment and working with others. These commitments are linked to and supported by the current equality objectives which are part of our public sector equality duty.

The equality aims and objectives, published in April 2012, were based on evidence from local and national statistics as well as previous consultation activities.

The three equality aims and nine underpinning objectives are:

**Aim 1 – Provide high quality accessible services to all**

- Understand the needs of County Durham's diverse communities
- Ensure equal access to council services
- Improve services to meet diverse customer needs

**Aim 2 – Be a diverse organisation**

- Provide strong leadership in relation to equality and diversity
- Recruit and retain a diverse workforce
- Promote equality and diversity through working practices

**Aim 3 – Work with others to promote equality countywide**

- Work effectively with underrepresented communities
- Work effectively with partners

- Integrate equality and diversity through commissioning and procurement

The equality objectives maintain the overarching focus whilst allowing Services to identify relevant and proportionate actions which are monitored and reported through the performance management framework. The equality actions have been built into the Council and Service plans which embeds the approach to equalities into the corporate processes.

## **Decision**

We have approved the revised equality policy.

### **6. General Fund Medium Term Financial Plan, 2014/15 to 2016/17 and Revenue and Capital Budget 2014/15**

**Key Decision: Corp/R/13/02**

**Leader and Deputy Leader of the Council – Councillors Simon Henig and Alan Napier**

**Contact - Jeff Garfoot 03000 261 946**

We have considered a joint report of the Corporate Director, Resources and Assistant Chief Executive which provided comprehensive financial information to enable us to agree a 2014/15 balanced revenue budget, an outline Medium Term Financial Plan (MTFP (4)) for 2014/15 to 2016/17 and a fully funded capital programme, for recommendation to the County Council meeting on 26 February 2014.

The council has faced unprecedented reductions in Government grants since the 2010 Comprehensive Spending Review (CSR) when the expectation for local government was a 28% cut in Government grant for the MTFP (1) period 2011/12 to 2014/15. Since that time the majority of the Chancellor of the Exchequer's March Budget and Autumn Statement announcements have included additional cuts to local government culminating in the 2015/16 spending round announcement of June 2013 which detailed a 10% funding reduction for local government in 2015/16. It is now forecast that Government grant to local government will have reduced by over 40% by the end of 2015/16.

The Chancellor of the Exchequer has also announced the need for a further £25bn of public expenditure reductions for 2016/17 and 2017/18. With £12bn expected to be found from Welfare budgets, £13bn will need to be found from Government Departments. It is expected that Health, Education and Aid budgets will continue to be protected resulting in increased pressure upon the remaining Government Departments. It is therefore forecast that the Government grant reductions for local government in 2016/17 and 2017/18 will be similar in magnitude to those of 2014/15 and 2015/16.

The financial landscape for local authorities will remain challenging until at least 2017/18. The challenges faced are exacerbated in Durham for a range of reasons:

- Government grant reductions are not evenly distributed across the country as evidenced by the Government's Spending Power figures. For 2014/15 and 2015/16 the cumulative Spending Power reduction for the council is 6.3% and for the twelve North East councils 7.5%. This compares with a national average reduction of 4.7%, whilst many affluent areas are seeing an actual increase in Spending Power e.g. Surrey +3% and Buckinghamshire +2.5%;
- Government funding is now inextricably linked to the performance of the local economy via Business Rate Retention and Local Council Tax Support Schemes. The link to a 'Needs Assessment' is no longer the key determinant of local authority funding. The current economic recovery is centred very much around the South and South East which is benefitting local authorities in those areas;
- Demand for services from local authorities is increasing with the impact of Welfare Reforms continuing to have an impact. Deprived areas are particularly impacted and this issue will continue to be a high priority as the Government plans to remove an additional £12bn from welfare budgets during 2016/17 and 2017/18.

Overall it is now forecast that the council will need to save £224m over the 2011 to 2017 period. A sum of £113.9m of savings will have been realised by the end of 2013/14 resulting in a £110.1m savings requirement for the three year MTFP (4) period 2014/15 to 2016/17. The 2014/15 budget requires savings of £23m to be delivered to achieve a net budget requirement of £438.672m.

The council undertook innovative and wide ranging public consultation on the MTFP throughout October to early December. Building on our expertise on participatory budgeting (PB), all 14 Area Action Partnerships (AAPs) conducted a PB event (or events in the case of Mid Durham). Over 10,000 people voted at the PB events with more than 3,000 giving the council their views on the MTFP and 1,300 taking part in a board game based exercise designed to glean spending priorities through group discussion.

The key findings of the consultation were:

- members of the public found it hard to identify the required level of savings that the council needs to deliver;
- across all of the different consultation methodologies, there was little consensus on which services to 'protect' in relative terms;
- there was considerable consensus on the services from which to take more savings. However, on their own, these would not be sufficient to meet the level of savings required;
- there was a rich level of intelligence from the group exercise work;

- there was support from the group exercises for a council tax rise of up to 2% but very little support for a rise in excess of this level.

Despite the difficulties posed by the unprecedented funding reductions on top of unavoidable budget pressures such as inflation, the budget proposals for 2014/15 include a number of investments, aligned to the core priorities of the council and the outcome of the public and stakeholder consultation:

- The council has decided to extend the current Local Council Tax Support Scheme for a further year into 2014/15. This will continue to protect 33,557 Working Age Council Tax Claimants who would otherwise have to start paying a proportion of their council tax due to the Government's abolition of the national Council Tax Benefit scheme in April 2013;
- The council continues to prioritise capital investments which is seen as very important in maintaining employment levels within the county and improving infrastructure to assist in regenerating the local economy. The total capital programme for 2014/15 to 2016/17 is £262.342m with a key focus upon regeneration and economic development. Major investments include additional highways maintenance investment from the council of £4.756m to supplement Government grant funding, the redevelopment and relocation of Durham Bus Station and regeneration/site assembly projects in Bishop Auckland, Peterlee, Seaham, Crook and Spennymoor;
- A £1.3m increase in the Winter Maintenance Budget is included in 2014/15. This will provide increased financial resilience in order to keep our highways and other roads open during inclement weather conditions;
- Protection is afforded to the Benefits Service which has faced a further Government grant cut of £0.5m. This will enable the council to continue paying the 65,000 housing and Council Tax Support Scheme claimants their entitlements to benefit promptly.

The council's strategy of the past three years has been to protect frontline services as far as possible and the proposals for 2014/15 are in line with that strategy, though this is becoming increasingly difficult to maintain over time.

The report summarised the main proposals, how these are in line with the council's overall strategy and have been shaped by residents' views with an initial high level analysis of the equality impacts.

Unlike in previous years, it has not been possible to establish high level proposals for the entire period covered by the MTFP. This is because the scale of savings required, coming on top of those already delivered and proposed for 2014/15, presents a much greater challenge than before. It is also the case that there is greater financial uncertainty over the medium term. The Government's spending round covered the period to 2015/16 only, in advance of the general election in 2015. There is also much uncertainty about

public health and social care funding in the medium term. It is anticipated that clarity on these major issues will emerge over the course of the next financial year and shape the development of MTFP (5).

The council's original estimate in 2011 of 1,950 reductions in posts by the end of 2014/15 is still expected to be accurate. Further work will be carried out during the development of MTFP (5) to estimate the impact of further reductions on posts up to 2016/17.

In the setting of Council Tax levels for 2014/15, consideration has been given to the significant financial pressures facing the council and the fact that Council Tax levels have remained unchanged since 2010/11. The Government have offered a Council Tax Freeze Grant for 2014/15 equivalent to a 1% Council Tax increase using the higher council tax base determined prior to the implementation of the Local Council Tax Support Scheme. It is forecast that this would generate a Council Tax Freeze Grant of £2.04m. MTFP (4) planning however has been based on a 2% Council Tax increase which is the Council Tax Referendum Limit that was in place for 2013/14 and assumes that this will not change, although the final referendum limit had not been set by the Government at the time of writing this report. A 2% Council Tax increase would generate additional Council Tax income of £3.29m in 2014/15 which is £1.25m more than the freeze grant option.

Included in the budget for the Resources Service Grouping and specifically as part of the Legal and Democratic services budget were two allowances paid under the 1972 local government act the Chairman (£8580) and the Vice Chairman (£4220) to cover the expenses of their office. Until May 2013, these were paid in the form of quarterly lump sums to each of the civic dignitaries. On 17 December, the Constitution Working Group agreed to recommend to Council that the Chairman's allowance be transferred to the Civic Events Budget and that the Chairman's hospitality budget should be renamed "Civic Expenses" with the Vice Chairman's allowance being transferred to that budget. Constitution Working Group also agreed that these allowances should no longer be paid in the form of lump sums and should be used for the purposes of meeting reasonable out-of-pocket expenses of the Chairman and Vice-Chairman arising from the Civic Events or Civic expenses, under the administration of the Member Support Team.

## **Decision**

We have agreed to make the following recommendations to Council, under the subject headings listed below:

- a) Consultation**
  - (i) note the outcome of the consultation carried out as part of the development process for the 2014/15 budget and for future budgets.
  - (ii) note that the suggestions made by the public to help manage the budget reductions have been considered by the council.

- (iii) agree that the council continue to engage with the public in future budget setting processes and prior to implementing changes to frontline services.

**b) 2014/15 Revenue Budget**

- (i) approve the identified base budget pressures included in paragraph 94;
- (ii) approve the investments detailed in the report;
- (iii) approve the treatment of the Chairman and Vice-Chairman's expense allowance proposed by the Constitution Working Group;
- (iv) approve the savings plans detailed in the report;
- (v) approve a 1.99% increase in Council Tax;
- (vi) approve the Net Budget Requirement of £438.672m.

**c) MTFP (4)**

- (i) note the forecast 2014/15 to 2016/17 MTFP (4) financial position;
- (ii) set aside sufficient sums in Earmarked Reserves as is considered prudent. The Corporate Director Resources should continue to be authorised to establish such reserves as required, to review them for both adequacy and purpose on a regular basis reporting appropriately to the Cabinet Portfolio Member for Resources and to Cabinet;
- (iii) aim to maintain General Reserves in the medium term of between 5% and 7.5% of the Net Budget Requirement which in cash terms equates between £22m and £33m.

**d) Capital Budget**

- (i) approve the revised 2013/14 Capital Budget of £133.667m detailed in Table 20;
- (ii) approve the additional schemes detailed in Appendix 9 be included in the capital budgets. These schemes will be financed from the additional capital grants, from capital receipts, prudential borrowing and from Service Grouping revenue budget transfers;
- (iii) approve the MTFP (4) Capital Budget of £262.342m for 2014/15 to 2016/17 detailed in Table 27.

- e) **Savings Proposals for 2014/15**
  - (i) note the approach taken by Service Groupings to achieve the required savings.
  
- f) **Equality Impact Assessment**
  - (i) consider the equality impacts identified and mitigating actions both in the report and in the individual equality impact assessments which have been made available in the Members Resource Centre;
  
  - (ii) note the programme of future work to ensure full impact assessments are available where appropriate at the point of decision, once all necessary consultations have been completed;
  
  - (iii) note the ongoing work to assess cumulative impacts over the MTFP period which is regularly reported to Cabinet.
  
- g) **Workforce Considerations/Pay Policy**
  - (i) Approve the pay policy statement at Appendix 10 of the report
  
- h) **Risk Assessment**
  - (i) note the risks to be managed over the MTFP (4) period.
  
- l) **Dedicated Schools Grant (DSG) and School Funding – 2014/15**
  - (i) note the position on the Dedicated Schools Grant.
  
- j) **Prudential Code**
  - (i) agree the Prudential Indications and Limits for 2014/15 – 2016/17 contained within the Appendix 11 of the report, including the Authorised Limit Prudential Indicator;
  
  - (ii) agree the Minimum Revenue Provision (MRP) Statement contained within Appendix 11 which sets out the council's policy on MRP;
  
  - (iii) agree the Treasury Management Strategy and the treasury Prudential Indicators contained within Appendix 11;
  
  - (iv) agree the Investment Strategy 2014/15 contained in the Treasury Management Strategy (Appendix 11 and the detailed criteria included in Appendix 11).

**7. Housing Revenue Account Medium Term Financial Plan 2014/15 to 2016/17 and 2014/15 Budget**  
**Key Decision: CORP/R/13/02**  
**Cabinet Portfolio Holders – Councillors Alan Napier and Eddie Tomlinson**  
**Contact - Azhar Rafiq 03000 263 480**

We have considered a joint report of the Corporate Director, Resources and the Corporate Director, Regeneration and Economic Development which sought approval of the Housing Revenue Account (HRA) Medium Term Financial Plan (MTFP) for 2014/15 to 2016/17 and the 2014/15 budget.

The HRA provides the income and expenditure associated with the management and maintenance of the Council's housing stock of 18,500 dwellings. The Council is required to set an annual HRA budget and set the level of tenants' rents and other charges.

The Council is the largest social landlord in County Durham owning around 40% of all social housing. Under the Government's housing finance system that was established from April 2012, the Council is required to plan over the longer term and develop a 30 year HRA Business Plan to manage and maintain its housing assets.

The headline implications for 2014/15 are summarised below:

- Dwelling rents for 2014/15 to increase in accordance with Government guidelines which results in an overall average increase of 4.62%;
- Average rent per week to increase from £65.67 per week to £68.70 per week – an increase of £3.03 per week on average (on a 52 week basis);
- Increases in garage rents to be linked to September 2013 RPI of 3.2% and the proposed charges per week for 2014/15 (on a 52 week basis) are £8.52 (for private tenants where we need to charge VAT) and £7.10 (for council tenants who are exempt from VAT);
- A substantial capital investment programme of £50m in 2014/15.

### **Decision**

We have agreed to seek approval from the County Council on the following:

- For the three year HRA Medium Term Financial Plan for 2014/15 – 2016/17;
- To set dwelling rents for 2014/15 in accordance with Government guidelines which result in an overall average increase of 4.62%;

- To increase garage rents in line with RPI as at September 2013 of 3.2%;
- That approval of service charges proposed by the three service providers be delegated to the Head of Economic Development and Housing in consultation with Cabinet Portfolio Holder for Housing and the Head of Finance;
- An HRA capital programme of £50m in 2014/15;
- To authorise the Corporate Director, Resources to make appropriate arrangements on borrowing to finance the capital programme;
- To agree ALMO/INMO management fee levels as follows;
  - Durham City Homes                      £7,276,000
  - Dale and Valley Homes                £5,514,000
  - East Durham Homes                    £11,285,000

**8. Proposal to close Roseberry College and Sixth Form with effect from 31 August 2014**

**Key Decision: CAS/06/13**

**Cabinet Portfolio Holder – Councillor Ossie Johnson**

**Contact - Sheila Palmerley 03000 265 731**

We have considered a report the Corporate Director, Children and Adults Services to consider a recommendation to close Roseberry College and Sixth Form with effect from 31 August 2014, and, to consider the views of key stakeholders.

Discussions with the school in respect of future viability began in February 2013 linked to the very high percentage of surplus places in the school and, the falling school roll. In view of the surplus places and future projections, using delegated powers, the Corporate Director, Children and Adults Services approved the commencement of consultation on the closure of Roseberry College and Sixth Form from 31 August 2014. Consultation documents were distributed widely and a total of 20 meetings were held between 30 September and 6 November with staff, Governors, parents, pupils, Parish Councils, Residents Associations and community groups.

The Council initially allowed 6 weeks for consultation (30 September to 6 November). On 11 October 2013, the school requested that the consultation period be extended to enable it to draw up alternative solutions to the closure proposal that would allow local provision of education to be protected. An extension of 4 weeks was granted by the Council and the consultation period therefore ended on 6 December 2013.

The responses to the consultation were received and have been considered by officers and elected members in the County Council. Whilst it is clear that

the majority of respondents expressed strong views in support of keeping the school open, the responses received provided no evidence that keeping the school open would address the issue of low pupil numbers.

The school has the capacity to accommodate 996 pupils. At the beginning of the consultation on 30 September 2013, there were 324 pupils on roll (including Post 16). With such low numbers it is difficult to sustain a secondary school of this size. As funding for pupil numbers reduces there is less funding available to employ teaching and support staff with the necessary qualifications, subject knowledge and experience to deliver a secondary curriculum which could meet the needs of all pupils. A secondary school with a very small school roll would be unlikely to have sufficient income to be in a position to staff 8 secondary departments adequately. There are a range of other duties to fulfil such as exams officer, curriculum planning and timetabling. A school which has reduced its leadership and management capacity to a minimum would find it difficult to manage all necessary areas of a secondary school's work without a direct impact on the quality of all round education offered to pupils.

In the course of the extended consultation period, the council was not presented with details of alternative options that would address the falling numbers on roll. Had alternative proposals been received that the Council believed to be viable, the Council could have taken steps to begin a separate consultation on a new option. During the consultation, Governors requested that the proposal was changed to close the school on 31 December 2014 instead of 31 August 2014. This would enable governors to complete the application process to create a Free School. At the time, the school informed the County Council that the earliest the Free School could open would be January 2015. Governors also indicated that another scenario that the school was considering was joining with an existing Academy. The school provided very little information about either of these two scenarios, despite being specifically requested to provide further information, and the school was advised that the Council would reconsider its position following receipt of any additional information.

As no additional information was provided, the County Council was therefore not in a position to treat the school's options as new options that it wished to consider, to address the low pupil numbers at the school.

The Council did not consider it appropriate to extend the date for closure to 31 December 2014. It is not considered good practice to close a secondary school in the middle of an academic year. Despite the level of response to the consultation, the same concerns about the future viability of the school that were expressed at the beginning of the consultation period remained. After full consideration of all the responses to the consultation and in the absence of a new option that the Council wished to consider, a decision was taken to publish a proposal to close the school and a statutory notice was therefore published on 12 December 2013.

Once the proposal is published there follows a statutory 6 week representation period during which comments on the proposal can be made. The Council received 104 objections to the proposal including objections from pupils, staff, parents, Governors, and, Pelton Fell Community Partnership.

Governors at Roseberry College and Sixth Form submitted an objection to the proposal, including their vision for Roseberry in the future which supports their view that the school should remain open as a small secondary school for the local community. The full response from Governors is attached as Appendix 7. Also attached is a letter that Governors sent to the County Council on 18 December with the Council's letter of response.

Taking account of the objections received and the Governors' vision for continued education provision highlighted in Appendix 7, officers remain concerned about the educational provision at the school going forward and therefore believed it is appropriate for Cabinet to consider carefully the contents of the report to enable it to determine the future of the school. In coming to its decision Cabinet was asked to consider factors contained in paragraphs 48-92 of the report in addition to the other implications referred to in the report.

The Governors' proposal of maintaining a smaller school on a smaller site was given due consideration by Officers of the council. If the council had considered that this was a viable option it could have begun a new consultation on a new proposal to change the age range of the school from 11-19 to 11-16 with a reduced Admission Number (60 instead of 167). The new proposal would therefore establish an 11-16 school with capacity for 300 pupils. As the principle reason for proposing closure of the school is because of low pupil numbers (there were 262 pupils age 11-16 at the school when the consultation started), continuing to maintain a school with a similar low number of pupils for a secondary school, would not be an appropriate solution.

We considered the contents of the report, specifically in relation to concerns relating to pupil numbers and the school's future viability balanced against the strong feeling of the Governors, staff, parents, pupils and the local community to keep the school open.

## **Decision**

We have approved the proposal to close Roseberry College and Sixth Form with effect from 31 August 2014 without condition.

- 9. Seaham New Housing Masterplan**  
**Key Decision: R&ED/08/13**  
**Cabinet Portfolio Holder - Councillor Neil Foster**  
**Contact: Chris Myers - 03000 262 043**

We have considered the report of the Corporate Director, Regeneration and Economic Development on the Seaham new housing masterplan. The report explained the background to the procurement of a dedicated masterplan to guide the planning, design and delivery of a number of specific sites, located to the north-west of Seaham town centre, in which the Council has an interest and which are allocated for housing development in the Pre-Submission Draft

of the County Durham Local Plan. The masterplan has been commissioned jointly with the Homes and Communities Agency (the “HCA”).

The report outlined the assessments and principles underlying the delivery of the sites and indicates the way in which the land will be released for development to optimise the potential for capital receipts and the achievement of wider economic and environmental benefits for Seaham in accordance with approved strategies under the Regeneration Statement (2012-2022) for the county and the wider Regeneration Masterplan for Seaham and Murton (approved by Cabinet in 2012). The delivery of the masterplan will be subject to ongoing review in the context of an existing Joint Venture Agreement made between the Council and the HCA which sets out aims and objectives and arrangements for joint marketing and sharing of costs and returns in relation to the sites.

The report outlines a number of key recommendations that have been made in the context of a baseline review of the subject sites and other potential housing sites in Seaham, demand assessment, site-specific design guidance and wider, spatial masterplanning.

## **Decision**

We have:

- Approved the masterplan as the document which will guide and govern the delivery (jointly with the HCA) of sites under the Joint Venture Agreement; and
- Authorised the Corporate Director of Regeneration and Economic Development in consultation with the Portfolio Holder for Regeneration and Economic Development to acquire remaining land at Malvern Crescent to enable comprehensive development of the site.

## **10. Welfare Reform Update**

**Leader and Deputy Leader of the Council- Councillors Simon Henig and Alan Napier, and Cabinet Portfolio Holder, Eddie Tomlinson**

**Contact - Roger Goodes - 03000 268 050**

We have considered a joint report of the Assistant Chief Executive, the Corporate Director, Resources, and, the Corporate Director, Regeneration and Economic Development which provided details on the impacts of welfare reform. The current changes to the welfare reform system are amongst the most significant for over a generation. The government believes that by amending the present system they will be able to encourage more people back into work, reducing dependency on welfare and achieving over £15 billion savings per year by 2015/16.

Within County Durham it is estimated that approximately 95,000 households will be affected by one or more of the elements from the Welfare Reform Act. The Government have now confirmed that the flagship policy change of

Universal Credit which will bring together six existing benefits into a new single payment has been delayed and will not be in place within the North East before 2016. Mapping the impact of these welfare reform changes alongside broader economic trends is not a simple task. Many individuals and families will be affected by more than one welfare reform change or issue, and the ability or resilience of a person to respond may be variable depending on personal circumstances at the time.

The original work looking at the impacts of the welfare reform changes stated that it would be very difficult to predict the outcome of the changes, in part as this would depend on the behaviour of individuals and families affected. It is still very early to predict these impacts, even though robust and comprehensive management information is in place. On the basis of this information, a proposal focusing on the resources available to the council at this time which aims to provide the maximum amount of support was detailed in the report and is summarised as follows.

### **Discretionary Housing Payments**

A submission for additional funding has been made to Government. The Government has announced the overall amount of DHP available for next year has been increased but we do not yet have any indication of the allocation for Durham.

### **AAP support**

All AAPs have funded projects that are linked to welfare reform. It was therefore proposed to make available to each AAP an additional grant of £10,000 which is to be used to top up an existing project or fund a new project within the AAP, according to what can best address local needs.

### **Employment**

Based on the evaluation of the Future Jobs Fund in helping individuals into work, a proposal has been developed to increase the employment support available. It was proposed that £500,000 is made available from the Welfare Assistance Scheme to support this initiative.

### **Welfare Assistance Scheme**

Although demand for the Welfare Assistance Scheme has been less than expected, this is now increasing and it is likely that demand for emergency assistance will increase further over the next few years. It was therefore proposed to develop an option to continue the scheme after March 2015 when Government funding ceases. In anticipation of this, any unused spend from this year and next would be placed into an earmarked reserve which can then be used to continue to fund the scheme if agreed from April 2015.

### **Decision**

We have:

- Noted that an application for additional funding for DHP has been made to Government;

- Agreed to transfer £140,000 from the Welfare Assistance Scheme to AAPs to support grass root projects aimed at helping residents affected by the changes to welfare;
- Agreed to strengthen our proactive support in line with economic and regeneration priority by investing £500,000 of Welfare Assistance Funding on a targeted employability programme;
- Agreed to develop an alternative proposal for the Welfare Assistance Scheme to continue from April 2015 for subsequent discussion and approval;
- Agreed to establish an earmarked reserve for the any funding that is unspent at the end of the 2013/14 and 2014/15 financial years in order to continue to fund the scheme from April 2015 if agreed.

**11. Evaluation of Selective Licensing at Wembley**  
**Cabinet Portfolio Holder: Councillor Eddie Tomlinson**  
**Contact - Angela Stephenson 03000 265 612**

We have considered a report of the Corporate Director, Regeneration and Economic Development outlining the background to the Selective Licensing Scheme in Wembley, Easington Colliery. The scheme is designed to address issues in the Private Rented Housing Sector. It summarises the evaluation of the Selective Licensing scheme to determine whether the area should be re-designated at the expiry of the current term in February 2014.

Selective Licensing requires that any person wishing to rent out a property in a designated area must first obtain a licence from the Council. The Council must be satisfied that the landlord is a “fit and proper” person with satisfactory management arrangements in place to deal with any anti-social behaviour caused by their tenants. Selective Licensing applies only to private landlords, not to social landlords. It provides intensive housing management support in areas with problematic private rented housing, aiming to improve neighbourhood conditions by raising private landlords’ management standards.

Durham County Council has three Selective Licensing designations at Dean Bank and Chilton West in the South and Wembley, Easington in the East. An evaluation of the Selective Licensing designation in Wembley is required before the end of its five-year term in February 2014, in accordance with Communities and Local Government (CLG) guidance. The designation was approved and came into effect on 8 February 2009, to run for the standard period of five years.

Following the guidance set by Local Government Regulation, the evaluation of the effectiveness of the scheme for the selective licensing of private sector rented housing at Wembley has focussed on the scheme’s performance against a number of key outcomes. It has also examined how costs compare

to benefits that have been achieved. Details of the evaluation findings were provided in the report.

There is support from residents and other key stakeholders such as the Police for re-designation to take place, to protect the investment that has been undertaken in the locality and to prevent a return to the pre-2009 situation before licensing was introduced.

## **Decision**

We have agreed:

- That the Wembley Selective Licensing designation be re-designated for a further 5 year period.
- That work is carried out to investigate the feasibility of extending to other areas the selective licensing designation, or other measures to support and regulate the Private Rented sector to address problems of low demand and relatively high levels of crime and/or anti-social behaviour.
- That the re-designated Wembley selective licensing scheme adopts the new licence conditions and licence fee (£450), in line with the Council's other two selective licensing designations in Dean Bank and Chilton, creating uniformity across the county. This will accrue additional licence fee income to contribute to the cost of running the scheme.

**Councillor S Henig**  
**Leader of the County Council**

18 February 2014