

29 October 2014

Report from the Cabinet



Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 10 September, and 15 October 2014 to enable Members to ask related questions.

Members are asked to table any questions on items in this report by 2 pm on 28 October 2014 in order for them to be displayed on the screens in the Council Chamber.

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1. Housing Stock Transfer: Outcomes of Stage 2 Formal Consultation: Ballot
Key Decision R&ED/09/14
Cabinet Portfolio Holders – Councillors Alan Napier, and Neil Foster
Contact – Marie Roe 03000 261 864

We have considered a joint report of the Corporate Director, Regeneration and Economic Development and the Corporate Director, Resources which provided details of the ballot result and set out the next steps to meet the target date for transfer in March 2015.

The first stage of formal consultation on the Council's proposal to transfer ownership and management of its homes was completed in early July 2014. In July 2014 we agreed to accept the outcomes of the first stage of consultation and to proceed to the second stage of formal consultation and to issue all secure and introductory tenants with a Stage 2 Notice, which explained the Council's decision and advised tenants that a ballot on the transfer proposal would follow. The Council's Stage 2 Notice was approved by the Homes and Communities Agency (HCA) and was sent to all secure and introductory tenants from mid July 2014. The secret ballot of all the Council's secure and introductory tenants followed the Notice and was undertaken independently by Electoral Reform Services (ERS).

The question set out on the ballot paper and which tenants were asked to respond to was agreed with the Homes and Communities Agency (HCA) and the Department for Communities and Local Government and was:

“Are you in favour of the Council's proposal to transfer the ownership and management of its homes to the County Durham Housing Group Limited and then to your local housing services provider?”

The ballot ended at midday on Monday 18th August 2014:

- 9149 tenants voted “yes” to the transfer proposal (82% of the valid vote).
- 2010 tenants voted “no” to the transfer proposal (18% of the valid vote).

The Council received a formal report of voting from Electoral Reform Services which was attached to the report.

There is a significant amount of work to complete if the proposed new group of landlords are to be successfully established and registered as providers of social housing with the HCA by the end of March 2015. The Council will need to meet the statutory requirements of the Secretary of State for Communities and Local Government to transfer homes and complete the transfer by the end of March 2015.

Key pieces of work include:

- The appointment of an executive management team for the proposed new group.
- The development and issuing of a business plan and financial prospectus for the proposed new group to potential funders.
- The development of a Transfer Agreement.
- The registration of the County Durham Housing Group Ltd, Dale & Valley Homes, Durham City Homes and East Durham Homes as Registered Providers with the HCA.
- The development of an agreement with funders to obtain access to borrowing facilities.

In order to meet challenging timescales and achieve the transfer by the end of March 2015 the Council and the proposed new group of landlords would work closely together. It is also necessary for the County Durham Housing Group Ltd to be constituted as a corporate body so it is able to complete key pieces of work and in particular be in a position to appoint an executive management team.

The proposed new group would own no assets and have no income prior to the transfer taking place in March 2015. Therefore the Council would provide for the establishment of the new group until the transfer is complete. Costs are usually met via the provision of a loan to the proposed new group by way of a Section 25 loan (under the Local Government Act 1988) which is repaid to the Council by the new group of landlords at the point of transfer.

It is also essential for the Council to underwrite any employment costs in the period leading up to transfer. The Council must agree to the indemnification agreement before the recruitment process for an executive management team begins. Due to challenging project timescales the planned date for the start of the recruitment process is the 12 September 2014.

A Transfer Agreement between the Council and the proposed new group of landlords would be developed. The Council would also continue to consider the implications of the transfer on the services it would be responsible for (should the transfer go ahead) and how it could work with the new group of landlords to achieve its wider strategic objectives for County Durham.

Decision

We have:

- Noted the positive result of the ballot of all secure and introductory tenants on the Council's transfer proposal.
- Agreed to proceed with the proposed transfer to the incorporated County Durham Housing Group, subject to Cabinet's final approval of the terms of the transfer and obtaining all necessary statutory consents.

- Agreed to recommend to the Council that officers be authorised to update the Housing Strategy 2010-2015 to reflect the developments set out in this report.
- Agreed to provide an indemnification agreement to underwrite employment costs (in case of the transfer not taking place) to allow the County Durham Housing Group Ltd to begin the recruitment of an executive management team.
- Agreed to provide joint delegated authority to the Corporate Director Regeneration and Economic Development and Corporate Director Resources, in consultation with the Portfolio Holder for Regeneration and Portfolio Holder for Finance, to continue to work with representatives of the proposed new housing group, to negotiate the development of the Transfer Agreement.

2. Housing Stock Transfer: Principles of Transfer

Key Decision R&ED/08/14

Cabinet Portfolio Holders – Councillors Alan Napier, and Neil Foster

Contact – Sarah Robson 03000 267 332

We have considered a joint report of the Corporate Director, Regeneration and Economic Development and the Corporate Director, Resources. which sought approval to the principles of transfer which will be followed by officers when identifying and agreeing land and assets to transfer to the County Durham Housing Group.

In January 2014 the council applied to Government for agreement and financial support to transfer ownership of its homes to a group structure of its existing housing management organisations; Dale & Valley Homes, Durham City Homes and East Durham Homes. The Department for Communities and Local Government approved the council's application in March 2014 and allowed the council to proceed to formal consultation with its secure and introductory tenants. Formal consultation began in June 2014. Following a positive tenant ballot outcome on 18 August 2014, and subject to final Secretary of State consents in March 2015, the council plans to transfer ownership of its homes to its existing housing management organisations, who would in turn each become landlords in their own right. Durham City Homes would, prior to transfer, become a newly constituted company separate to the council and would work with Dale & Valley Homes and East Durham Homes under a group structure known as the County Durham Housing Group, to ensure they can maximise investment in homes, neighbourhoods and local services.

The report sought approval to the provision of a Section 25 loan from the council to the proposed new group. Section 25 of the Local Government Act 2008 provides the council with the power to make a loan to fund necessary set-up costs required prior to the transfer date. The council would also need to underwrite any employment costs in the period leading up to transfer.

The report also provided details of the TUPE implications associated with the proposed transfer and sought delegated authority for the Corporate Director Regeneration and Economic Development and Corporate Director Resources, in consultation with the Portfolio Holder for Regeneration and Portfolio Holder for Finance, to negotiate the final transfer agreement. The estimated costs of establishing the new group and the facility for the council to provide a Section 25 loan to the new organisation to fund the costs that are likely to be incurred in establishment of the proposed new group. This loan would be repaid to the council at the point of transfer.

The proposed new group of landlords would also include a parent organisation (County Durham Housing Group Ltd) which would lead on all governance and financial viability issues for the group, and would provide support services to the three new landlords. It is this parent organisation that would pass ownership of the housing stock from the council to each of the three new landlords upon transfer. This would not pose any legal obstacle or concern for the council.

There is a fundamental appreciation by all parties that impacts of the transfer upon the council's General Fund and retained housing services must be limited as far as practicable. The report therefore sought agreement to the broad principles of transfer which would be used to guide discussions around all land and assets to transfer to the County Durham Housing Group; provided details of the potential TUPE implications of transfer; and outlined the Section 25 loan arrangements which would be put in place for the new organisation.

The report also outlined some of the key heads of terms and negotiating parameters that would need to be considered further in the coming months, and prior to finalising the transfer agreement with the County Durham Housing Group.

Decision

We have agreed;

- the 'principles of transfer' set out in the report.
- the position in respect of TUPE and the provision of a Section 25 loan facility to the County Durham Housing Group
- to provide joint delegated authority to the Corporate Director Regeneration and Economic Development and Corporate Director Resources, in consultation with the Portfolio Holder for Regeneration and Portfolio Holder for Finance, to negotiate the final transfer agreement with the County Durham Housing Group, and
- to receive a further report in due course which sets out the final terms of the transfer and the financial position once negotiations are complete.

**3. Forecast of Revenue and Capital Outturn 2014/15 for General Fund and Housing Revenue Account – Period to 30 June 2014
Cabinet Portfolio Holder – Councillor Alan Napier
Contact – Jeff Garfoot 03000 261 946**

We have considered a report of the Corporate Director, Resources which provided us with a forecast of 2014/15 revenue and capital outturn for the period to 30 June 2014 for the Council's General Fund and Housing Revenue Account. The report provided the first indication of the revenue and capital outturn for 2014/15 based on actual expenditure and known commitments as at 30 June 2014, together with the forecast balances on general and earmarked reserves at 31 March 2015. The report also provided an update on the Collection Fund in terms of Council Tax and Business Rates forecast outturn.

Revenue

It was reported that the following adjustments have been made to the Original Budget agreed by Full Council in February 2014:

- agreed budget transfers between Service Groupings;
- additions to budget for items outside the cash limit (for Cabinet approval);
- planned use of or contribution to Earmarked Reserves (details were included at Appendix 4 to the report).

Capital

The General Fund (GF) capital budget for 2014/15 was set at £166.292m by Council on 26 February 2014. Re-profiling from the 2013/14 capital programme outturn into 2014/15, amounting to £22.341m, was reported to Cabinet on 16 July 2014.

The 2014/15 Housing Revenue Account (HRA) Capital budget of £50.489m was also approved by Council on 26 February 2014.

The Council's Member Officer Working Group (MOWG) that closely monitors the capital programme has since recommended approval to Cabinet of further revisions to the capital programme, taking into account additional resources received by the authority and further requests for re-profiling as Service Management Teams continue to monitor and review their capital schemes.

Decision

We have:

- Noted the projected change in the Council's overall financial position for 2014/15.
- Agreed the proposed 'sums outside the cash limit' for approval.
- Agreed the revenue and capital budget adjustments.
- Noted the forecast use of Earmarked Reserves.

- Noted the forecast end of year position for the Cash Limit and General Reserves position.
- Agreed that Schools be advised of the need to have minimum and maximum balances at 31 March as detailed in the report.
- Noted the position for the Housing Revenue Account, Capital Programme and the Collection Funds in respect of Council Tax and Business Rates.

4. **Quarter 1 2014/15 Performance Management Report**
Leader of the Council – Councillor Simon Henig
Contact – Jenny Haworth 03000 268 071

We have considered a report of the Assistant Chief Executive which presented progress against the council's corporate basket of performance indicators and reported other significant performance issues for the first quarter of 2014/15 covering the period April to June 2014.

Decision

We have:

1. Noted the performance of the council at quarter 1 and the actions to remedy under performance.
2. Agreed all changes to the Council Plan outlined below:

Altogether Wealthier

- i. Agree the development plan of Elvet waterside by September 2014. Revised date: October 2014.
- ii. Construction of a new roundabout at Sunderland Bridge by April 2015. Revised date: September 2015.
- iii. Adoption of the County Durham Plan by March 2015. Revised date: September 2015.
- iv. Deliver the first Durham County Council market housing scheme for rent and sale by June 2016. Revised date: January 2017.

Altogether Better Council

- v. New website to improve access to customer information and services by August 2014. Revised date: October 2014.
- vi. Improve complaints reporting and monitoring: Complete Corporate Complaints Pilots to inform revised process by June 2014. Revised date: October 2014.

- vii. Increase the level of external funding attracted: Develop a community led local development structure to maximise involvement of Area Action Partnerships to increase resources for local actions by September 2014. Revised date: March 2015.

Deleted Actions

Altogether Wealthier

- i. Deliver a County Durham Apprenticeship Programme to support people into work through the provision of wage subsidy to employers.

Altogether Greener

- ii. Produce a new Waste Management Strategy for County Durham.

3. Agreed changes to performance indicator targets outlined below:

Altogether Wealthier

- i. Affordable homes – A target of 300 homes was agreed. A revised target of 400 is now considered to be more realistic to reflect the outputs of various programmes aimed at increasing the number of affordable homes, each of which have their own specific programme targets attached.
- ii. Homes completed in and near all major settlements, as a proportion of total completions - Although the County Durham Plan will include policies which will aim to increase completions in and near major settlements, the house building activity required to actually deliver these completions are led by developers. A target of 70 was agreed however it is considered more appropriate for this indicator to be a tracker.

5. **Declaration of Local Nature Reserve (LNR) for Easington Colliery**
Key Decision: R&ED/14/14
Cabinet Portfolio Holder – Councillor Neil Foster
Contact – Stuart Timmiss 03000 267 335

We have considered a report of the Corporate Director, Regeneration and Economic Development which requested that land at Easington Colliery be declared as a Local Nature Reserve.

The proposed site was home to the former Easington Colliery which closed in 1993 and the area landscaped for wildlife and recreation by the Millennium Commission funded 'Turning the Tide' project in 1999. The site is under the management of the Neighbourhood Services Directorate as public open space (the site layout was detailed at Appendix 2 of the report).

Formally declaring the site as a Local Nature Reserve would ensure long term provision of a locally accessible recreational asset within Easington and allow local groups to facilitate environmental learning and health based events for the community. Declaration and subsequent management as a nature reserve is in accordance with the Council Plan Priority Altogether Greener objective to 'Maximise the value and benefits of Durham's natural environment'. The Easington Colliery Regeneration Partnership requested that the site be declared as a Local Nature Reserve and managed thereafter for biodiversity and recreation and has formed a Nature Reserve Sub-group to liaise with the Council's ecology unit concerning future management and community volunteering. Consultation in the community by the Regeneration Partnership has demonstrated strong support for the Nature Reserve with many local people interested in becoming involved.

Managing the site as a nature reserve would also make a contribution to regional targets contained within the Durham Biodiversity Action Plan and maximise opportunities to attract investment to further improve public access and nature conservation and be compliant with the dedicated open space provision of the Millennium Commission Grant funding. The site is currently open space and although it is in proximity to existing and proposed housing it is not earmarked for housing in the emerging County Durham Plan. There will be no loss of revenue from the current position as a result of declaring the site a Local Nature Reserve (LNR).

Amongst other partners in the community wishing to raise the profile of the site is Healthworks, the NHS service provider in Easington. Healthworks have secured a Community Learning grant to arrange a series of short educational courses and are currently forming a 'Friends Of' group with interested local volunteers. Partnerships like this will raise the profile of both the LNR and the Council through publicity and further contribute to the drive to address health deprivation in the area through a programme of task based habitat management volunteering and species monitoring events and guided walks.

Decision

We have agreed that authority be delegated to the Corporate Director of Regeneration and Economic Development in consultation with the Cabinet Portfolio Holder for Regeneration and Economic Development to take the necessary steps to establish land at the former Easington Colliery as a Local Nature Reserve.

- 6. Compulsory Purchase at Henderson Avenue, Wheatley Hill**
Key Decision: R&ED/12/14
Cabinet Portfolio Holder – Councillor Neil Foster
Contact – Alan Hunter 03000 262 024

We have considered a report of the Corporate Director, Regeneration and Economic Development which sought approval to make and pursue the confirmation of a Compulsory Purchase Order (CPO) in order to facilitate the

acquisition of land and buildings at 3 Henderson Avenue, Wheatley Hill (the CPO area as shown on the plan attached to the report at Appendix 2), under Section 226(1)(a) of the Town and Country Planning Act 1990. Once acquired, the property would be demolished to enable the regeneration of the immediate vicinity through the development of 65, 2/3 bedroomed homes.

On 21 July 2010 Cabinet approved the Thornley and Wheatley Hill Physical Regeneration Strategy. The report detailed development appraisals to generate proposals for three specific sites (two in Wheatley Hill and one in nearby Thornley) with accompanying implementation plans to provide for the long term regeneration of the villages up to 2016. One of the priority actions highlighted in the Thornley and Wheatley Hill Physical Renewal Strategy 2009 was the comprehensive re-development of Cain Terrace and Henderson Avenue in order to improve the quality of housing in a low demand area. To date 32 properties have been demolished with 8 remaining. This process has involved the sensitive relocation of tenants and a small number of owner-occupiers.

Gleeson Homes submitted a planning application for the development of 65 units, comprising of 2 and 3 bedroomed semi and detached properties. It is proposed the housing will be offered to the market as low cost housing for sale and will be built on the former Luke Terrace, Henderson Avenue, Cain Terrace site. A plan showing the area covered by the scheme was attached to the report at Appendix 3. The planning application for this development was approved by the Area Planning Committee on 22 July 2014.

There remain two dwellings to demolish in Henderson Avenue, one of which, number 3, requires acquisition. Several attempts have been made to negotiate a sale with the owner but to date these have been unsuccessful. It is proposed to compulsorily acquire the empty property known as 3 Henderson Avenue. The inclusion of 3 Henderson Avenue through a CPO will facilitate the removal of this property which is owned by an absentee landlord, visually in very poor condition and requires significant repair. Substantial efforts have been made to negotiate and acquire this property from the owners, however all offers have previously been refused or ignored. A comprehensive list of correspondence from the Housing Regeneration Team and the Assets Service to the owners of 3 Henderson Avenue was detailed at Appendix 4 of the report.

Compulsory purchase powers should only be exercised as a last resort and where there is a compelling case in the public interest to do so. There is clear evidence that the public benefit of the scheme would outweigh the private loss.

Decision

We have agreed:-

- 1 To the use of compulsory purchase powers for the purpose of acquisition of the Order Area, under the provisions of the Town

and Country Planning Act 1990, Section 226(1)(a) and other enabling powers and;

2. That the Corporate Director of Regeneration and Economic Development be authorised to:
 - a. Take all necessary steps to secure the making, confirmation (where permitted) and implementation of the compulsory purchase order, including the publication and service of all notices and the presentation of the Council's case at any Public Inquiry; and,
 - b. Approve agreements with land owners setting out the terms for the withdrawal of objections to the compulsory purchase order, including where appropriate seeking exclusion of land from the compulsory purchase order.

7. NETPark Future Employment Development and Opportunities

Cabinet Portfolio Holder – Councillor Neil Foster
Contact – Simon Goon 03000 265 510

We have considered a report of the Corporate Director, Regeneration and Economic Development which updated us on the developments and successes to date at the North East Technology Park (NETPark) and outlined the opportunities to build on these achievements. The report informed about the recent success secured by Business Durham leading a North East and Tees Valley consortium to secure a Centre of Excellence for the Satellite Applications Catapult at NETPark, making it the only science park in the United Kingdom with two Catapult centres. Catapults were formed by the Technology Strategy Board in 2010 and are centres where the best of the UK's businesses, scientists and engineers work side by side on late-stage research and development, transforming high potential ideas into new products and services to generate economic growth.

The report sought approval for funding of up to £12.9m for new buildings, totalling 67,000 sq.ft at NETPark. This will support the creation of 250 direct and 625 indirect new jobs over the next three years and make a substantial impact on the Council's number one priority to create an 'Altogether Wealthier' County Durham.

Durham County Council has clearly set out within the Sustainable Community Strategy that the economy is its number one priority. This is encapsulated within the 'Altogether Wealthier' and 'vibrant and successful town' objectives of the Regeneration Statement developed by the County Durham Economic Partnership.

NETPark is the only science park in the North East of England. However, there are other high quality business parks within the North East that exist or are coming on-stream that provide a competitive offer to NETPark. NETPark also competes with other science parks across the North and wider UK.

There is an urgent need to further develop space at NETPark. Without plans to support business growth, the existing facilities may be vulnerable as the demands of the companies force them to meet the needs of their growing businesses by relocating from NETPark. A number of development options have been considered that will address the demand for additional space at NETPark.

New Build 1: Explorer Village

It is proposed that Business Durham will develop and manage the Explorer Village at a total of 27,000 sq. ft. which when fully let would support over 90 highly skilled science and technology jobs. The total cost of the Explorer Village is estimated at £5.5m. The costs are based on a design feasibility study completed by DCC Technical Services. The new buildings would be developed on Plot 2 at NETPark and would be ready for occupation from June 2016 onwards.

New Build 2: National Centre for Healthcare Photonics and PolyPhotonix

The combined building for the CPI National Centre for Healthcare Photonics and PolyPhotonix will be circa 40,000 sq. ft. in size. The combined building would provide space for up to 160 new jobs. The total estimated cost of the building is £7.4m based on a design feasibility study completed by DCC Technical Services. The new buildings would be developed and managed by Business Durham and would be ready for occupation from June 2016 onwards.

NETPark Phase 3: Infrastructure

The completion of the two new developments, as outlined above, would only leave three plots of land for further development at NETPark. The projected level of demand is such that it is anticipated that these plots could be developed out within the next five years. This highlights the need to bring forward NETPark Phase 3 and to ensure an extensive range of serviced sites are in place to attract further investment over the next 15 years, including the potential to attract a major anchor tenant.

Business Durham intends to undertake master planning and infrastructure works to open up 30 hectares plus of NETPark land for commercial development for more science and technology based businesses. The land is allocated in the County Durham Plan for light industrial uses, specifically for Research and Development purposes, with confirmation of the planning status expected in December 2014, following the outcome of the County Durham Plan Examination in Public. It is proposed that this master planning work is funded through external funding. A successful request to fund the cost of the infra-structure has been submitted to the NE LEP for LGF. There is an opportunity to consider ERDF support for the infrastructure with details of this expected to be released in March 2015. A detailed technical assessment is underway and due for completion by September 2014. This will form the basis for detailed funding submissions in the future, with further reports being brought forward in due course.

Decision

We have agreed:

- i. That master planning and subsequent delivery of infrastructure work required as part of the phase 3 developments using the Local Growth Fund and possible ERDF funds, should commence;
- ii. To progress the building of the Explorer and PolyPhotonix/CPI buildings at NETPark, with total capital expenditure of £12.9m, funded by £11.7m of self-financing borrowing and an allocation of £1.2m from capital contingencies; and
- iii. To delegate authority to the Corporate Directors of Resources and Regeneration and Economic Development in conjunction with the Cabinet Portfolio Holders for Resources and Regeneration and Economic Development to approve any minor amendments to the projects.

8. Tyne & Wear Bus Strategy Delivery Project Cabinet Portfolio Holder – Councillor Neil Foster Contact – Adrian White 03000 267 455

We have considered a report of the Corporate Director, Regeneration and Economic Development to advise of proposals under consideration by the Combined Authority to change the way in which bus services are managed in Tyne & Wear; and to highlight agreed working arrangements to mitigate any potential impacts on the bus network in County Durham.

Bus services outside London, were ‘deregulated’ under the Transport Act 1985. Subject to certain safety and quality standards, bus operators decide which services to run, the fares to charge and other such matters, without recourse to the local authority. Local Authorities have powers to supplement these services, filling gaps in the commercial network, by inviting tenders for supported services (known as ‘secured services’ or ‘tendered services’).

Whilst bus usage in the North East remains the highest in the Country (outside London), patronage has been in decline for many years and the gradual withdrawal of non-profitable routes, or sections of route, has contributed to a reduction in accessibility to local jobs and services. Furthermore, reductions in Local Authority funding are also putting pressure on the ability of Tyne & Wear to continue to support the existing tendered bus services and discretionary concessionary fares.

The Tyne & Wear Integrated Transport Authority (ITA) adopted a Bus Strategy with three key objectives:

- Arrest the decline in bus patronage;
- Maintain (and preferably grow) accessibility; and
- Deliver better value for public money.

In pursuit of this bus strategy, the ITA instructed its Executive (Nexus) in 2011 to prepare a draft Quality Contracts Scheme (QCS), and also to explore the scope for a meaningful Quality Bus Partnership. The roles and responsibilities of the Tyne & Wear ITA passed to the Combined Authority in April 2014. The constitution of the Combined Authority reserves the decision on a QCS to the Leaders Board.

It is Nexus' intention to recommend inclusion of most of the cross-boundary bus services in the QCS, including those elements operating outside of Tyne & Wear. Discussions have been taking place with Nexus to explore and better understand the implications of the possible adoption of QCS proposals on bus services in County Durham.

Approximately 25% of bus operations in County Durham start or finish in Tyne and Wear (in Northumberland this figure rises to approximately 75%). These cross boundary routes are believed to be among the most profitable services in County Durham and help to support the less profitable local networks, through sharing of depot overheads etc. It was therefore recognised that the potential removal of revenue from cross boundary routes could impact on the viability of local networks/depots. Work has been undertaken to mitigate the risk of any potential withdrawal of routes or parts of routes in County Durham that are unrelated to the QCS, but which are currently only marginally profitable.

A QCS also has the potential to influence the frequencies, routing, quality and fares of local bus services, where the Tyne & Wear services thin out and mix with residual network. In this respect, it is recognised that there may be a need to commit resources to patching together the two regimes where they overlap.

A feasibility study was undertaken into the possibility of widening the area of any QCS to cover the whole of County Durham. In addition to the considerable timescale required to re-prepare a full QCS, it was noted that there is a lower level of profitability within the more rural bus network operating in County Durham. Nevertheless it is proposed that Durham (and Northumberland) County Council and the Combined Authority keep this under review as a potential longer term option.

In parallel to the QCS proposals Nexus have challenged the bus operators to put forward partnership arrangements that would deliver similar outcomes as a QCS. This alternative option (ie the VPA) is also to be considered by the Combined Authority in October.

We were assured that the interests of service users in County Durham would be adequately protected if the Combined Authority were to determine that a change to existing arrangements were in the best interests of the Tyne and Wear area. It is proposed that the Combined Authority Leadership Board will be asked to make a decision on whether to progress a QCS or VPA at its meeting on 21 October.

Decision

- We have noted that the Combined Authority Leadership Board will consider the introduction of a Quality Contract Scheme or Voluntary Partnership Agreement in Tyne & Wear at its meeting in October.
- We have also noted that a Cross Boundary Collaboration Protocol has been developed which will mitigate any detrimental financial or operational impacts of the proposals on bus services in County Durham.
- If the Leadership Board was minded to approve either a Quality Contract Scheme or a Voluntary Partnership Agreement then we have agreed to support these arrangements, subject to the agreement by the NELB of the cross boundary collaboration protocol.

9. Welfare Reform Update

Cabinet Portfolio Holders – Councillors Simon Henig (Leader of the Council), Alan Napier (Deputy Leader of the Council), and Eddie Tomlinson

Contact – Roger Goodes 03000 268 050

We have considered a joint report of the Assistant Chief Executive, Corporate Director, Resources and the Corporate Director, Regeneration and Economic Development. which provided an update on welfare reform and its impacts on the County.

As the council has anticipated and responded to the government's welfare reforms, what has become apparent is that to support residents and households affected by benefit changes, the council and its partners need to take a much more holistic approach, addressing the wider issue of poverty, which has been compounded by the impact of benefit changes. In order to do this, the report proposed to broaden the scope of the welfare reform policy work, including the remit of the associated governance, to focus on poverty as well as welfare reform policy and administration changes.

The existing officer project group would be broadened into a poverty and welfare reform steering group. This would coordinate the delivery of a range of new and existing policy work which would seek to ensure the policy development is complementary in addressing poverty and any gaps identified are addressed. This focus would include:

- a financial inclusion strategy;
- initiatives to raise housing standards in the private rented sector;
- relevant elements of the Children, Young People and Families Plan 2015/16 as it relates to poverty;
- the council's Troubled Families programme;
- on-going research and responses to welfare reform and benefit changes;

- responding to any new policy announcements from government relating to poverty.

The steering group would continue to report to Cabinet Members and individual strategies and plans would be reported to Cabinet for consideration as appropriate.

Decision

We have agreed to broaden the scope of the welfare reform work as outlined in the report.

10. NHS/Social Care Reforms Cabinet Portfolio Holders – Councillors Morris Nicholls, and Lucy Hovvels Contact – Peter Appleton 03000 267 388

We have considered a report of the Corporate Director, Children and Adults Services which informed of the duties and responsibilities of the Care Act 2014 and outlined how the adult social care reforms will be implemented in Durham.

The Care Act received royal assent on 14 May 2014. The aim of the Act is to put people's wellbeing at the heart of the care and support system, provide protection and support to people who need it most and give people peace of mind that they will be treated with compassion in hospital, care homes or their own home.

The Care Act introduces a number of reforms to the adult social care system and introduces new duties including providing support to carers and prisoners and limiting the amount that over 65's will be required to pay towards their social care costs.

A project management approach has been adopted to meet the requirements in relation to the Care Act. The Social Care Reform Project Board is chaired by the Director of Children and Adults Services. The Board have the responsibility of overseeing the implementation and managing the risks associated with the Care Act reforms. The reforms set out in the Care Act present a number of challenges to Durham County Council as well as other areas of the country.

The reforms are expected to create an increased demand for adult social care services. It is expected that there will be an increased demand for financial and care and support assessments from self-funders (people who currently fund their own care), carers, young people who will have social care needs after they reach 18 and prisoners, including people in approved premises and on bail.

The local authority will have a duty to keep care and support plans and carers' support plans under review, and to carry out an assessment where they are

satisfied that the person's circumstances have changed. The adult can also make a reasonable request to have a review. Where the local authority is not required to meet needs there will be a duty to give the person written explanation for taking this decision which includes information and advice on how the person can reduce or delay their needs in future. These new duties will also place additional demand on resources.

Due to the number of prisons in County Durham the introduction of the duty to meet the social care needs of prisoners will have an impact on resources. The short timescales for the introduction of this duty also presents a challenge to the authority.

Work has already started to scope the potential demand in prisons and colleagues in Children and Adults Services are part of a regional group that is exploring how social care in prisons can be delivered. Work is taking place with the voluntary and community sector to help build capacity in the sector to provide services that help prevent or delay people requiring social care.

The Care Act implementation is taking place at the same time as unprecedented financial reductions in local government which places additional pressures on Durham County Council, whilst meeting the requirements of the Medium Term Financial Plan.

Decision

We have:

- Noted the content of this report and the timetable of key national milestones included in the report at Appendix 2.
- Agreed that the regulations relevant to the Care Act will be implemented in accordance with the Council's Constitution and scheme of delegation in consultation with portfolio holders, where appropriate.
- Agreed to receive a further update in relation to the implementation of the Care Act.

11. Cinema and Film Partner Procurement Cabinet Portfolio Holder – Councillor Neil Foster Contact – Stephen Howell 03000 264 577

We have considered a report of the Corporate Director, Neighbourhood Services which set out a proposal for the procurement of an experienced, well established and successful Cinema and Film Partner with an existing national and regional presence to become a cultural partner with Culture and Sport and to develop the cinema and film offer across the county.

Whilst focusing predominantly on the Council's main cultural venue at the Gala it is proposed to seek a partner to take an art form lead on cinema across the county with an expectation that they will be involved in wider community and development initiatives as well as other Council venues. The County currently has cinema and film facilities at the Gala Theatre Durham,

Bishop Auckland Town Hall (BATH) and the Empire Theatre Consett. The Gala Theatre currently operates as the County's premier theatre and performing arts venue with a programme of live events attracting some of the country's leading theatre companies, comedians, bands, musicians and dance performers. The Gala Theatre & Cinema is located in a fast-developing area of Durham City. Whilst there is a lively night-time economy in the neighbouring Walkergate area, Millennium Place remains less vibrant and unanimated despite the presence of the theatre. One aim of the project is to bring a level of vibrancy and animation to this area of the City.

In line with this aspiration, the development of leisure and culture in County Durham seeks to draw together existing and new initiatives in order to address the economic, social and environmental needs of the County. Working together with the Council's Regeneration and Economic Development Service, Cultural Services are seeking a visionary proposal for Millennium Place, Durham City to improve the use and vibrancy of the area; creating a Cultural & Leisure Quarter. In seeking to work with a third party partner it is proposed that any initial arrangement focuses on the Gala Theatre prior to considering the operation at BATH. It is further proposed that the Empire Theatre operation is considered outside the scope of this project.

In order to re-position the current cinema and film offer it is proposed that a cinema and film partner is identified to work with the Council to affect a number of changes. Appendix 2 of the report set out in detail the general direction of travel for the offer which are currently being developed with a specialist advisor. These remain indicative at this stage as the work of the specialist adviser in developing a detailed specification and business case is on-going. In summary, the Council would be seeking a partner to deliver a comprehensive cinema and film offer, including ancillary services such as catering, of the following nature.

Gala Cinema Operation: Develop a wide ranging, high quality cinema programme that includes 'arthouse' films and events not generally available at multiplex cinemas and provide the programming and distribution of all content. At the same time deliver targeted marketing that ensures the cinema is differentiated and remains accessible to local audiences, so that the cinema remains successful and sustainable in a changing market place.

Cinema & Film Development: It would be the aspiration that any partner would also provide art form lead for film and cinema by providing a more general programme of development work that may include audience development, touring cinema, film industry workshops and seminars as well as acting as the liaison for the Council with film and cinema agencies such as British Film Institute, the Film Audience Network, the Film Hub North, Arts Council England, Heritage Lottery Fund, trade groups, arts networks and trade organisations across the UK.

Gala Catering Operation: seek a partner willing to maximise the contribution of the catering business at the Gala, including better use of the kitchen facilities, and to create a livelier, more vibrant feel for the café/bar spaces.

Further development of the facilities is likely to be an integral part of any future offer and partnership albeit as a latter phase. Whilst the exact nature of this will need to be elicited through the tender process it may range from small scale refurbishments to large scale built extensions. Such proposals, if accepted, could be funded by either the appointed partner or directly by the Council – or a combination of both. It is envisaged that the development of additional screens at the Gala and digitalisation of BATH are likely developments to be proposed by potential partners.

The Authority is required to consider the procurement issues associated with this decision. Following discussion with Procurement it is recommended that the Council undertakes a procurement exercise to determine appetite and test value for money. Clearly any operators expressing an interest in the contract will have to satisfy the Council's overriding objectives for the service as well as meeting financial and operational requirements. A specialist cinema and film adviser has been appointed to develop a detailed framework and specification to work alongside and advise the procurement process.

As a general rule the transfer of any services to a third party would trigger Transfer of Undertakings (Protection of Employment) Regulations 1981 ("TUPE"). In such a case all employees essentially dedicated to the Services within the scope of the exercise would transfer on existing terms and conditions and there would be no break in their continuity of service.

Decision

We have agreed that:

- A procurement process be entered into to identify a cinema, film and catering partner for the Gala Theatre and Bishop Auckland Town Hall.
- The appointment of a cinema and catering partner be delegated to the Director of Neighbourhood Services in collaboration with the portfolio-holder for Economic Regeneration following the procurement process.
- It be noted that this project may request capital resources on an 'invest to save' basis in order to facilitate further development of the facilities.

Councillor S Henig
Leader of the County Council

21 October 2014