

23 September 2015

Report from the Cabinet



Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 15 July 2015 to enable Members to ask related questions.

Members are asked to table any questions on items in this report by 2 pm on 22 September 2015 in order for them to be displayed on the screens in the Council Chamber.

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1. Implementation of the Community Buildings Strategy
Key Decision: CORP/A/05/11/3
Cabinet Portfolio Holder – Councillor Brian Stephens
Contact – Donna Jefferson 03000 263598

We have considered a report of the Assistant Chief Executive on the implementation of the Community Buildings Strategy 2012 – 2014. The report sought agreement on the steps required to conclude the community buildings asset transfer programme and to revise the Council’s approach to the provision of Community Buildings Grants.

The Council has implemented one of the most ambitious asset transfer programmes in the Country. 98 of the original 120 community buildings are expected to remain in community use. Work is now underway with the VCS to enable community building management groups to access the on-going support needed to ensure that their buildings remain vibrant and sustainable. This programme has shown that asset transfer can have significant benefits for both the Council and the community.

Decision

We have agreed the following recommendations:

- a) The allocation of £150,000 remaining in the capital programme should be delegated to the Assistant Chief Executive in consultation with the Cabinet portfolio holder for Neighbourhoods and Local Partnerships to assist in the completion of the community buildings strategy and if any remains it should be allocated to the Durham Ask programme.
- b) The five community buildings presently finalising the asset transfer process should complete the process. However, if asset transfer to management groups cannot be achieved by 31 August 2015 it is recommended that the Assistant Chief Executive, in consultation with the Cabinet Portfolio Holder for Neighbourhoods and Local Partnerships has the delegated authority to consider, on a case by case basis, if the offer of asset transfer should be removed and the future viability of the centre reviewed.
- c) The management group of Middleton-in Teesdale Village Hall is given a five year lease on their present building and the Council sets aside

£143,910, from the community buildings capital investment programme, until March 2018, with the potential to extend this if plans for the new development are progressing well, as a contribution to a new build facility in the village.

- d) £20,000 from the fund set aside for Middleton-in-Teesdale Village Hall (£143,910) is made available for any urgent repairs and maintenance needed in their existing building until the new facility is available.
- e) The management group of Annfield Plain Community Centre remain at Annfield Plain Community Centre until they are able to move into Greenfield school, which is anticipated to be in October 2015. During this period only Health and Safety related repairs to the community centre will be carried out up to a maximum of £1,000.

If any works are estimated to exceed this amount the future of the Centre would be reviewed or specific facilities isolated.

- f) The Council offer the management group of Annfield Plain Community Centre £10,000 from the community buildings capital programme to enable cosmetic improvements to be made to the school sports hall on the basis that the management group provides match funding towards the works from their reserves.
- g) Plans are developed to seek interest from outside the locality for Stanhope Town Hall for social enterprise or community use, within the next 6 months and if this is not possible the property is put forward for disposal on the open market.
- h) Officers work with Craghead Development Trust to complete the asset transfer of Burnside Community Centre with a contribution of £20,000 towards future repairs and maintenance (subject to the Trust providing a robust business plan and evidence of need), on the basis that asset transfer is completed by 31 October 2015 or that the offer of financial support is withdrawn and action to transfer the building ended.
- i) The Council offers Shotton Parish Council the freehold of Shotton Community Centre with a contribution of £88,104 from the community buildings capital programme to the scheme, on the condition that this funding is only released if the partnership raises the equivalent in match funding from external grant funders and the sale of existing land for investment in the centre, before 31 March 2017. In addition a covenant should be placed on the sale of the land whereby if planning permission is approved for any alternative use, other than community use, on the land within 80 years from the date of transfer, the Council will be entitled to 80% of the increase in land value.
- j) The Brockwell Centre continues to operate on their existing lease, whereby the management group is responsible for utility bills, internal repairs and compliance and the Council maintains responsibility for external repairs and the car park.

- k) Stanley Day Centre (which is presently in the Council's disposal programme and expected to raise approximately £150,000) is offered to the management group of Stanley Community Centre on a 30 year FRI lease to work in partnership with Derwentside Trust, with the capital investment set aside for this building (approximately £150,000) from the community buildings capital programme used in part (£50,000) to contribute to the refurbishment of Stanley Day Centre and in part (£100,000) to offset the capital receipt for Stanley Day Centre. If this is not possible action should be taken to close the building and find alternative venues for users.
- l) The Council provides a contribution, in terms of specified works, from the community buildings capital programme of up to £100,000 to Burnopfield Community Centre if a FRI lease is in place by 31 August 2015.

However, if asset transfer to the management group cannot be achieved by this date it is recommended that the Assistant Chief Executive, in consultation with the Cabinet Portfolio Holder for Neighbourhoods and Local Partnerships has the delegated authority to consider if the offer of asset transfer should be removed and the future of the centre reviewed.

- m) The Council offers the management group the freehold of Bullion Hall with a capital investment of £20,000 to offset any repairs and maintenance costs the Council may have faced, with the proviso that this remains as a community facility. A covenant should be placed on the sale of the land whereby if planning permission is approved for any alternative use, other than community use, on the land within 80 years from the date of transfer, the Council will be entitled to 80% of the increase in land value. The group will be given until March 2016 to explore the value of this against other financial models. If freehold is not pursued the Council should remain responsible for external repairs under the present lease.
- n) The management group of Great Lumley Community Centre is given until 31 August 2015 to sign the lease and then allowed to carry out works in a phased programme, enabling the funds to be raised by the group. If this is not achieved the Assistant Chief Executive, in consultation with the Cabinet Portfolio Holder for Neighbourhoods and Local Partnerships has the delegated authority to consider, if the offer of asset transfer should be removed and the future viability of the centre reassessed.
- o) The management group of Bearpark Community Centre is given until 30 September 2015 to complete their work on business planning and exploring fund raising. If this shows that the building can be sustainable the Council will enter into discussions with CISWO regarding the future. If this has not been achieved by 30 September the Head of Partnerships and Community Engagement, in consultation

with the Cabinet Portfolio Holder for Neighbourhoods and Local Partnerships has the delegated authority to consider, if the Council should negotiate with CISWO regarding disposal and/or demolition of the centre.

- p) The Community Buildings Grant is withdrawn, with no standard payments being made in 2015/16. A fund of £60,000 will be kept aside for community building in 2015/16 to allow a grant of up to £1,600 to be paid to any group facing extreme financial hardship and able to demonstrate that they have taken all reasonable steps to increase their income. Payment of this fund will only be considered following officer support to raise alternative funds and final decisions regarding eligibility will be delegated to the Assistant Chief Executive, in consultation with the Cabinet Portfolio Holder for Neighbourhoods and Local Partnerships.
- q) The community building programme involved capital investment of £2.15 million to facilitate the asset transfer of 120 community buildings. The recommendations set out in this report aim to enable this programme to be completed. If any of the above recommendations cannot be fulfilled the Assistant Chief Executive should have the delegated authority, in consultation with the Cabinet Portfolio Holder for Neighbourhoods and Local Partnerships, to make appropriate changes to facilitate asset transfer of the remaining buildings.

2. Consideration of an Article 4 Direction covering change of Use Class C3 to Use Class C4 for Durham City and the introduction of an Interim Policy on Student Accommodation
Key Decision: R&ED/06/15
Cabinet Portfolio Holder – Councillor Neil Foster
Contact – Mike Allum 03000 261906

We have considered a report of the Corporate Director, Regeneration and Economic Development which sought authorisation to make an Article 4 Direction to remove permitted development rights under planning legislation for changes of use from dwelling houses (Class C3) to small Houses in Multiple Occupation (HMOs) (Class C4) in parts of Durham City, and introduce an Interim Policy on Student Accommodation to consider applications for both Houses in Multiple Occupation (HMOs) and Purpose Built Student Accommodation (PBSA).

There can be an impact on the amenity of residents in areas where student HMOs are dominant. The use of an Article 4 Direction would enable the Council to assess the acceptability of a proposal for an HMO, balancing the contribution that such a conversion would make to meeting housing demand against the potential harm that might be caused to the character and amenity of the surrounding area.

In October 2010 the Government made changes to planning rules which allows family homes (Class C3) to change to a small HMO with up to six

people (Class C4) without the need for a planning application i.e. 'permitted development'. However, where local authorities consider that there is a local need to control the spread of HMOs in specific areas they can use existing powers to remove this form of permitted development and thereby require the submission of a planning application for such a change between a family dwelling house (Use Class C3) and small HMO (Use Class C4). This is undertaken through an Article 4 Direction. An Article 4 Direction cannot apply retrospectively. It would have no effect on the existing HMOs and would not require existing landlords of HMOs to do anything. It cannot apply to any development that has been commenced at the time that a Direction comes into force. It would also not be applicable to Purpose Built Student Accommodation. The Interim Policy supports the assessment of proposals for HMOs.

Government guidance states that when deciding whether an Article 4 Direction is appropriate, local planning authorities should identify the potential harm which it is intended to address. Specifically in relation to shared housing, planning authorities can consider whether the exercise of permitted development rights would undermine local objectives to create or maintain mixed communities.

The Assessing Development Proposals report was presented to Cabinet on the 10 June 2015. This report noted that it was an appropriate time to revisit the Council's Policy approach to student accommodation. In the Inspector's Interim Report on the County Durham Plan, both the original version of Policy 32 and the Council's proposed Main Modification developed through the Examination in Public were explicitly found to be unsound by the Inspector's Interim Report. On this basis it was considered that no weight could be given to County Durham Plan Policy 32 in decision making.

The Interim Policy was developed from the guidance contained within the Inspector's Interim Report. At paragraph 104 it is stated: 'The responses by [Friends of the Durham Green Belt] FDGB and [Sidegate Residents Association] SRA incorporated in [Document reference] DCC49 demonstrate how Policy 32 could be amended.' The Interim Policy was set out in the report.

The process and timetable for the making of an Article 4 Direction and the introduction of the Interim Policy were set out in the report.

Decision

We have:

- a) Agreed the making of an Article 4 Direction under Article 4(1) of the Town and Country Planning (General Permitted Development) Order 1995 (as amended) to remove permitted development rights in relation to changes of use from Use Class C3 to Use Class C4 (as defined in the Town and Country Planning [Use Classes] Order 1987, as amended). Twelve months advance notice of the Direction taking effect shall be

given and representations will be invited for a period of 28 days according to the timetable set out in Appendix 6 of the report. The Direction shall apply to the area shown on the map at Appendix 4 of the report;

- b) Agreed an Interim Policy on Student Accommodation as set out at Appendix 5 of the report for public consultation.
- c) Agreed that any minor modifications to the Article 4 Direction and the Interim Policy after consultation, can be agreed by the Director of Regeneration and Economic Development in consultation with the Portfolio Holder for Regeneration and Economic Development and that any significant modifications would be brought back to Cabinet for further consideration.

3. Review of Fixed Play Provision
Key Decision: NS/14/11
Cabinet Portfolio Holder – Councillor Maria Plews
Contact – Stephen Howell 03000 264577

We have considered a report of the Corporate Director, Neighbourhood Services which requested the approval of a development framework for future play provision within the County.

Since 2009, following the move to a unitary authority, the Council has continued to work with communities to further develop play provision. The Authority was successful in obtaining Playbuilder Funding of circa £1m and in total has invested in excess of £2.1m of capital resources in the development of play over this period.

A report was previously presented to Cabinet outlining the Council's proposals to adopt an approach to reviewing fixed play provision in order to address the substantial variations across the former districts. Cabinet agreed that the Council would need to undertake an extensive consultation exercise on this approach. The report also addressed short term issues following member requests to invest neighbourhood budgets in fixed play whilst this framework was in development. This resulted in a further investment of £350,000. The Council is responsible for 176 of the 334 fixed play sites in the county. There are increasing pressures from various funding sources and community groups to develop new fixed play sites; it is therefore necessary to determine a framework for the allocation of resources. This will allow the distribution of provision to develop in a more equal and fair manner. The Council also has a number of fixed play sites across the County that are aged and in need of significant improvement or removal.

In developing a framework, consultation was undertaken and the consultation process clearly identified that child population should be the key factor in determining the Council's Minimum Core Offer. The future offer of fixed play was detailed in the report. The consultation clearly identified that communities and partner organisations value play provision. The report recommended the

retention of a number of sites beyond the minimum core offer set out within the framework which demonstrated that Durham County Council is committed to children's play. The Corporate Director, Neighbourhood Services provided an update at the Cabinet meeting in that there was no longer the interest for the site at David Street, Quarrington Hill to be transferred as indicated in the report at paragraph 34, so the recommendations would be amended accordingly. On this basis, the council plans to retain 166 of its current 176 sites. It is hoped that a further 4 will be transferred as part of the Big Ask whilst 6 will be removed as they have reached the end of their operational life. Four Town & Parish Councils expressed an interest in transferring ownership of 4 of the 10 play sites currently identified as beyond economic repair, 2 of which have now been transferred. This demonstrates a willingness from partners to protect play opportunities beyond the core offer and that they share the County Councils intention of protecting play sites. Play sites will only be removed for reasons of safety and economic viability. The removal of any play facility is a last resort and the Council will always seek to find alternatives to play site removal.

Decision

We have agreed that:

- a. The Council continues to support play across the County through the provision of fixed play sites.
- b. 166 of the Council's 176 play sites are retained and maintained; the remaining 10 play sites identified as being beyond economic repair are transferred or removed.
- c. The framework for future provision as set out in the report is adopted including:
 - i. The use of child populations as the key factor in determining the proposed minimum level of provision.
 - ii. The thresholds for types of play areas as defined in the report.
 - iii. The use of the defined play sectors in highly populated settlements
- d. A funding strategy will be developed that gives priority to the 15 settlements that are identified as being under provided.
- e. Officers continue to work with Members, Town and Parish Councils and local communities through the 'Big Ask' to assist in developing provision.
- f. The approach to new developments be agreed as set out within the report.

**4. Medium Term Financial Plan (6), Council Plan, Service Plans 2016/17 – 2018/19 and Review of the Local Council Tax Reduction Scheme 2016/17 plus an Update to the Discretionary Rate Relief Policy 2015/16
Leader and Deputy Leader of the Council – Councillors Simon Henig, and Alan Napier
Contact – Jeff Garfoot 03000 261946**

We have considered a joint report of the Corporate Director, Resources and Assistant Chief Executive which provided details on the development of the 2016/17 budget, the Medium Term Financial Plan (MTFP(6)) and Council Plan/Service Plans 2016/17 to 2018/19. The development of MTFP (6) took into account an initial analysis of the impact of the Government's 8 July 2015 Budget. The report also provided details of a review of the Local Council Tax Reduction Scheme and provided details of an update to the Discretionary Rate Relief Policy.

The financial outlook for the Council continues to be extremely challenging. The final Coalition Government Budget in March 2015 identified the need for significant reductions in the spending of "unprotected" government departments over the 2016/17 to 2018/19 period. At that point, the forecasted impact on the Council's medium term financial plan was an additional funding reduction of £75m over the three year period with a £33m reduction in 2016/17.

Initial analysis of the Government's 8 July 2015 budget however indicates that the pace of funding reductions for "unprotected" government departments will be eased with funding reductions to be delivered over the four year period 2016/17 to 2019/20 rather than the three years planned previously. The scale of the challenge faced by the Council remains undiminished however with total funding reductions across the four year period forecast to be £78m and with the Council also facing increased budget pressures with the introduction of a National Living Wage.

The position will remain uncertain however until the Autumn of 2015 when the Government's Spending Review is received, which will detail the funding reductions faced by the Department for Communities and Local Government (DCLG). The Council is then expected to receive its financial settlement in December.

By 31 March 2016, savings of £153.2m will have been realised since the beginning of austerity in 2011/12. It is presently forecast that this figure will be £256m by 2018/19 and exceeding £260m by 2019/20.

The emphasis since 2011/12 has been to minimise savings from front line services by protecting them wherever possible, whilst maximising savings in management and support functions. This is becoming much more difficult however, as the scope for further savings in managerial and back office efficiencies is becoming exhausted. In the coming months the Council will need to review all services to determine where savings can be best achieved with minimal impact upon the public. Savings plans will continue to be

developed in the coming months based on the savings forecast in the report. The details of these savings plans will be reported after there is clarity in relation to the funding reductions faced by the Council.

The consultation process in relation to MTFP(6) and individual savings options will embrace and influence the outcomes from the 'Durham Ask' where appropriate, in order to ensure the Council can maximise any opportunities to maintain service provision with community group involvement, where they can demonstrate a sustainable business case for the service areas and facilities they have shown an interest in taking on.

With regard to the Local Council Tax Reduction Scheme (LCTRS), the Council is one of only two local authorities in the North East to have retained entitlement levels for Council Tax support within the LCTRS in line with that which applied under the national Council Tax Benefit regime in 2012/13. The policy has protected vulnerable residents at a time when welfare reform changes have had a significant adverse impact. The report recommends that the current LCTRS is retained for a further year into 2016/17. The reasons for extending the current scheme are due to the current scheme remaining within existing cost parameters for the Council. In addition, whilst the full impacts of the Government's Welfare Reforms are complex and difficult to track, anecdotal evidence, from demand for Discretionary Housing Payments; Social Fund Applications and Rent Arrears statistics in County Durham compared to others across the region, would suggest that the council tax benefit protection afforded to working age claimants, in addition to the wide ranging proactive support that has been put in place is having a positive impact on these areas.

In December 2014, the Chancellor announced a range of amendments to Business Rates as part of his Autumn Statement, including an extension of Small Business Rate Relief for a further 12 months until 31 March 2016; changes to the temporary discount for shops, pubs and restaurants with rateable values below £50,000 awarding them increased relief of £1,500 for 2015/16, with the Government continuing to fully fund this relief through Section 31 Grant; and an extension of the transitional relief scheme for a further two years from 1 April 2015.

An initial high level analysis of the Budget has been carried out to understand the broad impact on both the Council and the public in the County. In relation to the Council's financial position the following points were noted:

- (i) The pace of reductions faced by "unprotected" government departments has eased with reductions over a four year period to 2019/20.
- (ii) The Council's forecast Government funding reduction in 2016/17 may not be as high as originally forecast.
- (iii) Total funding reductions across 2016/17 to 2019/20 of £78m are broadly in line with the £75m reductions formerly forecast for the 2016/17 to 2018/19 period.

- (iv) No additional funding reductions are forecast for 2015/16. The government has previously announced a consultation on a national £200m 2015/16 reduction in the Public Health grant. Based on an equal share methodology, the Council's grant would reduce by £3.3m. At this stage the Council is prudently forecasting that this reduction may be replicated in the 2016/17 base grant.
- (v) The funding reductions faced by DCLG will be detailed in the Spending Review to be published in the Autumn with the finance settlement for the Council expected in December.
- (vi) The Government announced a National Living Wage of £7.20 per hour from 2016/17 rising to at least £9.00 per hour in 2020/21. The current National Minimum Wage is £6.50 per hour with the Council's 'Durham Living Wage' of £7.43 per hour. These increases in remuneration will have an impact on the costs of both the Council's workforce but also on the cost of services the Council commissions from contractors if staff employed are predominantly lower paid e.g. residential care. The Council will need to fully assess the impact of this policy although at this stage an initial assessment of likely costs have been included in our MTFP(6) modelling and included in appendix 2 of the report.
- (vii) The Government has also announced an increase in Insurance Premium Tax from 6% to 9.5%. It is forecast that this could cost the Council circa £50,000 per annum.

In addition to the financial impact on the Council identified above, the following policy changes announced in the Summer Budget are of note:

- (i) Details on how £12bn of Welfare savings and £5bn of tax avoidance income would be delivered. Welfare savings are to be delivered over a three year period rather than a two year period as previously announced.
- (ii) Significant Welfare savings are to be achieved by reducing access to tax credits for the low paid.
- (iii) No increases in working age benefits, tax credits or Local Housing Allowance for a four year period.
- (iv) The benefits cap is to reduce to £23k a year in London and £20k elsewhere from the current cap of £26k.
- (v) Rents in social housing are to reduce by 1% in each of the next four years.
- (vi) Public sector pay increases are to be fixed at 1% for the next four years.
- (vii) Corporation Tax is to reduce from 20% to 19% in 2017 and to 18% in 2020. This along with reductions in national insurance

liabilities for small and medium enterprises is expected to assist business in paying the 'National Living Wage'.

- (viii) Local authorities are expected to come forward with options on how investments can be pooled between different Pension Funds with a view to reducing costs.

This analysis alongside information from the Autumn Spending Review and Local Government Finance Settlement will be utilised to finalise the 2016/17 Budget and MTFP(6) in February 2016.

Decision

We have:

- (i) Noted the analysis of the Government's 8 July Summer Budget.
- (ii) Noted the forecast funding reductions for 2016/17 to 2018/19 resulting from the analysis of the Summer Budget.
- (iii) Noted that Corporate Directors and Portfolio Holders will be required to utilise delegated powers to action savings plans to ensure full year savings can be achieved for 2016/17.
- (iv) Noted the requirement to identify £102.875m of savings across the 2016/17 to 2018/19 period.
- (v) Agreed the approach to preparing the Council Plan and Service Plan.
- (vi) Agreed the high level MTFP(6) and Council Plan timetable.
- (vii) Agreed the approach outlined for consultation.
- (viii) Noted the ongoing work carried out to support staff during the MTFP (6) process.
- (ix) Agreed the proposals to build equalities considerations into decision making.
- (x) Agreed that Cabinet recommend to Full Council that the Local Council Tax Reduction Scheme should remain unchanged for 2016/17, with a further review to be undertaken in Quarter 1 of 2016/17 to inform budget options for 2017/18 and beyond.
- (xi) Noted the revisions to the Discretionary Rate Relief Policy agreed under delegated powers.

5. Children, Young People and Families Plan 2015/18 Cabinet Portfolio Holder – Councillor Ossie Johnson Contact – Peter Appleton 03000 267381

We have considered a report of the Corporate Director, Children and Adults Services which presented the refreshed Children, Young People and Families Plan (CYFPF) 2015-18 which was attached to the report.

The vision for the CYPFP has been re-affirmed as: 'All children, young people and families believe, achieve and succeed'. The CYPFP includes a number of Strategic Actions that identify the key areas of work which the Children and Families Partnership will focus on, linked to objectives and outcomes.

The CYPFP is monitored robustly and progress on the performance indicators is reported to the Children and Families Partnership on a quarterly basis with progress against actions from the plan reported on a six monthly basis. This allows partners the opportunity to challenge each other and ensure that services are delivered in a timely and effectively way to achieve good outcomes for children, young people and families. As well as providing performance highlights, the Children and Families Partnership also receives information on areas for improvement. In addition to performance monitoring through the Children and Families Partnership a subset of performance indicators from the CYPFP is reported to the County Durham Partnership and Cabinet under the "Altogether Better for Children and Young People" theme. Overview and Scrutiny Committees are also provided a subset basket of indicators to provide them with oversight of the performance for children and young people.

Decision

We have received and endorsed the Children, Young People and Families Plan 2015-18.

**6. County Durham Youth Offending Service Youth Justice Plan 2015/17
Cabinet Portfolio Holder – Councillor Ossie Johnson
Contact – Carole Payne 03000 268657**

We have considered a report of the Corporate Director, Children and Adults Services on the County Durham Youth Offending Service Youth Justice Plan.

The Crime and Disorder Act 1998 places a duty on every Local Authority, after consultation with partner agencies, to formulate and implement an annual Youth Justice Plan which sets out how youth justice services in the area are to be provided and funded, and, how the Youth Offending Service will be composed and funded, how it will operate and what functions it will carry out. Key achievements were outlined in the Executive Summary.

Decision

We have:

- a) Noted the contents of this report
- b) Agreed to recommend the plan to Council

7. 2014/15 Final Outturn for General Fund, Housing Revenue Account and Collection Fund
Deputy Leader of the Council – Councillor Alan Napier
Contact – Jeff Garfoot 03000 261946

We have considered a report of the Corporate Director, Resources which provided details of the revenue and capital outturn for both the General Fund and the Housing Revenue Account (HRA) for 2014/15, plus the 2014/15 outturn for the Collection Fund in respect of Council Tax collection and Business Rates collection.

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 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 funding culminating in the 2015/16 Spending Round announcement of June 2013 which detailed a further 10% funding reduction for local government in 2015/16. By February 2014, when the Council set its budget for 2014/15 it was forecast that Government grant to local government would have reduced by over 40% by the end of 2015/16.

The Chancellor of the Exchequer also announced the need for a further £30bn 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 and £5bn from addressing tax avoidance. It was expected that Health, Education and Overseas Aid budgets would continue to be protected resulting in increased pressure upon the remaining unprotected Government Departments.

It was 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. Overall it was forecast that the Council would need to save £224m over the 2011 to 2017 period. A sum of £113.9m of savings having 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 Council agreed a net revenue budget of £438.765m for 2014/15. Factoring in cuts in Government grant, inflation and other budget pressures required the delivery of £23m of savings in 2014/15 in order to deliver a balanced budget.

Quarterly forecast outturn reports have been considered by Cabinet throughout the 2014/15 financial year and detailed reports on individual service groupings have also been considered by the various Overview and Scrutiny Committees.

This final outturn for 2014/15 has been determined as part of the production of the Annual Statement of Accounts. During the process of finalising the Statement of Accounts, the Corporate Director Resources will be required to

make a number of technical decisions in the best financial interests of the Council. Such decisions will be fully disclosed in the Statement of Accounts.

Decision

We have noted:

- i. the reduction in the Cash Limit Reserves of £21k in the year. These sums will be held as Earmarked Reserves and be available for Service Groupings to manage their budgets effectively.
- ii. the closing General Reserve balance of £28.904m.
- iii. the closing balance on Earmarked Reserves (excluding Cash Limit Reserves) is £192.180m of which £34.609m relate to school and Dedicated School Grant balances.
- iv. the closing Housing Revenue Account balance of £26.078m.
- v. the position for the Collection Funds in respect of Council Tax and Business Rates.

We have approved:

- vi. the capital budget carried forward of £18.736m for the General Fund is moved into 2014/15 and that Service Groupings regularly review capital profiles throughout 2014/15 reporting revisions to MOWG and Cabinet as necessary.

8. Historic and Ceremonial Regalia and Property of the Charter Trustees
Leader and Deputy Leader of the Council – Councillors Simon Henig, and Alan Napier
Contact – Colette Longbottom 03000 269732

We have considered a report of the Corporate Director, Resources which advised Cabinet of progress in negotiating an agreement with the Charter Trustees in relation to the contents of the Town Hall in Durham and sought Cabinet approval to enter into an agreement to conclude those negotiations.

On 19 January 2011, Cabinet considered a report referring to the Charter Regulations 2009 (“the regulations”) and upon how, under those regulations the Charter Trustees were created to maintain and preserve the historic rights and privileges associated with local authority districts which became part of a larger Local Government area as a result of Local Government Reorganisation. The Durham City Charter Trustees are such a body and after Local Government Reorganisation, negotiations took place to agree the ownership of the various items of historic interest in the Town Hall. Cabinet was advised in the report that property which was of historic and ceremonial nature and which related to the Charter Trustees vested in them under the regulations, but pending agreement about the other items, they remained the property of Durham County Council.

The report of January 2011 presented two options to Cabinet, one being to transfer all the property to the Charter Trustees, or a second option, which was to agree to retain the property in the Town Hall with the Council retaining all but historical and ceremonial regalia. Cabinet confirmed that it was not proposing to transfer any property other than that identified in background papers as ceremonial and historic Charter Trustees. It further authorised the Corporate Director Resources, with advice from the Head of Legal and Democratic Services, to negotiate an agreement with the Charter Trustees whereby the property held by the Council was preserved in the Town Hall. Cabinet further agreed that if such an agreement could not be reached, the Corporate Director Resources was to agree to the appointment of a suitable person to decide on this matter but this proved not to be necessary.

On 21 January 2014, the Charter Trustees expressed a willingness to agree written terms whereby property other than historic and ceremonial regalia; items identified as belonging to the Guilds and items identified as belonging to the Freeman, be preserved in the Town Hall in trust and in perpetuity for the benefit of the community and the people of Durham City. Following this, negotiations have taken place and a draft agreement was drawn up which was attached to the report at Appendix 2. Under the agreement, the Charter Trustees agreed to retain the historic and ceremonial regalia in the Town Hall and Durham County Council agreed to retain its property in the Town Hall. The agreement largely embodies the terms agreed by Cabinet for negotiation in January 2011.

Decision

We have authorised the Corporate Director Resources to enter into the agreement.

- 9. Update on the Office Accommodation Programme and release of Akley Heads Strategic Employment Site for Economic Regeneration**
Cabinet Portfolio Holders – Councillors Alan Napier, and Neil Foster
Contact – Sue Graham 03000 267821

We have considered a joint report of the Corporate Director, Regeneration and Economic Development and the Corporate Director, Resources which updated Cabinet on proposals to release the Aykley Heads strategic employment site to deliver a regionally important regeneration opportunity that will provide new jobs and investment in County Durham.

The report also requested Cabinet to consider what steps the Council would need to take to secure a new office HQ and to progress this objective as part of the office accommodation programme.

The Aykley Heads site has been identified as the main opportunity to attract private sector jobs and address the lack of a commercial business quarter within Durham City. The objective of attracting new private sector investment

to County Durham will create opportunities for local people to access improved employment prospects and, as part of the overall vision for the city, new homes and associated infrastructure will ensure sustainable regeneration is delivered.

Aykley Heads is a business location of strategic importance within Durham City. It is home to over 30 businesses in a range of professional and scientific sectors. Market testing of the site has revealed a substantial demand for office space in Durham City. It is therefore fair to suggest that the development of Aykley Heads would enable opportunities to maximise private sector employment to the benefit of the immediate area and wider Durham County. To enable this site to realise potential and bring forward 2,500 jobs on currently available land, the relocation of the Council's HQ would be necessary, thereby freeing up land for private sector investment.

County Hall currently houses 1,865 full time equivalent (FTE) employees and is located within the proposed Aykley Heads Strategic Employment Site. As set out above, the predominant reason for the relocation of County Hall is to release the Aykley Heads site and maximise the Council's covenant, or the significant value of the Council's office requirement, for regeneration.

Specialist professional support has been obtained to understand the Council's office accommodation property portfolio in terms of current utilisation, organisational fit and aspiration. To help define how the future office accommodation should be determined, consultation has been held with some employees including senior managers.

The Council's existing wider office estate was reviewed which supported one of the key objectives in maintaining four key office locations across the county, termed 'strategic sites'. These sites satisfy key criteria around location, size, condition, quality of accommodation, running costs and maintenance. The four strategic sites are:

- Meadowfield Direct Services Depot and offices,
- Spectrum 8 at Seaham,
- Crook Civic Centre,
- Green Lane, Spennymoor.

It was therefore proposed that in addition to a new Durham HQ presence, that these four sites remain as key office locations for DCC to ensure effective delivery of services across the County.

Early indicative costs for a new HQ, based on staff working differently and adopting more modern ways of working including: open plan work space, hotdesking, and less cellular offices, are approximately £50m.

This estimate is based upon a 7 to 10 workstation to employee ratio with approximately 700 workstations being included in the new HQ building for 1,000 full time equivalent employees and will be worked up in further detail as part of the outline business case process should members agree to this next phase. The new building would therefore be significantly smaller and more efficient than the existing County Hall building.

The review of accommodation is predicated on the implementation of 'new ways of working' concept which looks to optimise office accommodation. A further report will be brought to Cabinet in the Autumn that sets out how the new ways of working proposals would work in practice. In order to progress further and firm up on costs and opportunities the report proposed to move to Outline Business Case (OBC) and report back to Cabinet on 18 November 2015. The report recommended the engagement with professional consultants who have the technical skills and experience to complete the outline business case (OBC) within 3 months.

Decision

We have:

- a) Approved in principle the release of the Aykley Heads site as a major regeneration opportunity for the county subject to an outline business case process and procurement exercise;
- b) Agreed to continue the distributed model of existing Council accommodation to maintain the Council footprint across County Durham;
- c) Agreed the principle of the relocation of the Council's Headquarters to a Durham City centric site subject to an outline business case process and procurement exercise;
- d) Agreed to procure consultants through the NEPRO framework at an estimated cost of circa £200k to proceed to Outline Business Case with a further £400k to proceed to Full Business Case subject to further Cabinet approval in November 2015.

10. County Durham Climate Change Strategy and Delivery Plan – Durham's Vision for a Low Carbon County Cabinet Portfolio Holder – Councillor Brian Stephens Contact – Steve Bhowmick 03000 267122

We have considered a report of the Corporate Director, Regeneration and Economic Development which informed Cabinet of the progress of the Climate Change Strategy and Delivery Plan and sought formal adoption of the documents. The report also included information on key projects which are being developed and progress against the main carbon reduction target.

In December 2013 a consultation programme and drafts of the County Durham Climate Change Strategy and Delivery Plan were presented to Cabinet. A consultation exercise was undertaken on the content of the documents, key indicators were selected and a number of projects have been initiated to achieve the goals. The Environment Partnership's Climate Change Steering Group has been involved and the documents cover the aspirations of both the Council and the Partnership.

The Strategy sets out a clear vision and objectives to establish County Durham as a low carbon county. It acts as a bridge between the aims of the Sustainable Community Strategy and the Climate Change Delivery Plan.

Its aims are:

- i. to reduce the county's emissions by 40% by 2020 from 1990 levels,
- ii. to adapt to a changing climate and ensure that individuals and organisations are more prepared for the challenges of a more extreme environment.

The consultation process involved amongst others, statutory consultees, Council Members, the disability partnership, schools and Durham University and key responses from the consultation were included in the report.

Durham County Council has become recognised nationally for taking a lead in reducing carbon emissions and achieving resource efficiencies. Going forward, the County Council and its partners in the Climate Change Steering Group will be working on key projects detailed in the Delivery Plan attached to the report. The group is currently making the transition from that which prepared the Strategy and Delivery Plan to one that will be more active in delivering projects across the County. The group has decided to prioritise its early projects in the following areas which are also identified as Sustainable Communities Strategy objectives:

- a) Making communities more aware and resilient to the impacts of extreme weather events
- b) Making the Council, homes and businesses more energy efficient
- c) Improving infrastructure to support sustainable travel.

The Environment and Sustainable Communities Overview and Scrutiny Committee has achieved regular updates on climate change work and it is proposed to continue these arrangements as the Strategy and Delivery Plan are rolled out.

Decision

We have agreed:

- 1) To endorse the County Durham Climate Change Strategy and Delivery Plan, recognising the ongoing achievements the Council is leading on in this area.
- 2) To continue to support the Environment and Sustainable Communities Overview and Scrutiny Committee's role in monitoring progress.

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

15 September 2015