

20 January 2016

Report from the Cabinet



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## Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 16 December 2015 to enable Members to ask related questions.

Members are asked to table any questions on items in this report by 2 pm on 19 January 2016 in order for them to be displayed on the screens in the Council Chamber.

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### 16 December

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- 1.            **Medium Term Financial Plan (6) 2016-17 2019/20 and 2016/17  
Budget Update**  
                 **Key Decision: CORP/R/15/02**  
                 **Leader and Deputy Leader of the Council – Councillors Simon  
Henig, and Alan Napier**  
                 **Contact – Jeff Garfoot 03000 261945**

We have considered a joint report of the Corporate Director, Resources and the Assistant Chief Executive which provided an update on the development of the 2016/17 budget and the Medium Term Financial Plan 2016/17 to 2019/20 (MTFP(6)) that took into account forecasts from the Chancellor of the Exchequer's Spending Review published on 25 November 2015.

The MTFP (6) report to Cabinet on 15 July 2015 provided details of the Chancellor of the Exchequer's Summer Budget published on 8 July 2015. Although the size of funding reductions faced by local government are still severe, the pace of funding reductions appeared to be eased in 2016/17 with savings spread over a four year period to 2019/20. Further clarity was expected in relation to the size of government funding reductions when the Spending Review was published on 25 November 2015 and when the Local Government Finance Settlement was received in December 2015.

It was forecast in July that the council would face funding reductions of £78m over the 2016/17 to 2019/20 period. When known budget pressures were taken into account at that time, savings targets for the three years 2016/17 to 2018/19 were forecast to be £103m bringing the total savings since 2011/12 to £256m. The Chancellor of the Exchequer published the government's Spending Review on 25 November 2015. Early analysis of the impact of the Review on local government is that it will be far reaching in terms of future funding levels and the overall functions being provided by local government in the long run.

The Chancellor announced an improvement in the public finance forecasts, which has enabled the government to withdraw previously planned tax credit cuts, protect Police budgets and ease the pressure on the majority of unprotected government departments. Unfortunately this protection has not been afforded to local government and in cash terms the average reduction in budgets for unprotected departments over the 2016/17 to 2019/20 period is circa 6% whereas the cash reduction for local government over the same period is circa 53%.

Initial interpretation of the Spending Review implications show the amount of funding reductions for the four year period 2016/17 to 2019/20 could be less than the £78m reported to Cabinet in July 2015 at circa £70m but could also be as high as circa £85m. The position will become clearer when the council receives its actual finance settlement in mid-December 2015, but at this point it is prudent to forecast a reduction in Revenue Support Grant (RSG) across the four year period of £85m in total, with a £25m reduction anticipated in 2016/17 compared to a £15m reduction that we were forecasting in July.

The Spending Review also announced further changes to local government grants which will have a detrimental impact on service provision. Reductions of 3.9% per annum in real terms were announced in Public Health grant whilst the remainder of the NHS budget is to annual receive real terms increases. In addition, the government announced a 60% reduction in the Education Services Grant (ESG) on the back of a review of all statutory duties provided by local authorities to schools. The council presently receives ESG of £6m and a significant proportion of this grant could be at risk, but the position is not clear at this stage.

In recognition of unitary and upper tier local authorities experiencing financial pressures in their adult social care services, the Spending Review has given

them powers to increase council tax by a further 2% over the current 2% council tax referendum level to invest specifically in Adult Social Care.

It would appear that the offer of ongoing 'council tax freeze' grants are to be abolished as part of the 2016/17 financial settlement.

In addition, the government also announced that an extra £1.5bn will be available to local government over the 2017/18 to 2019/20 period from the Better Care Fund to invest in social care. This funding is welcome, but at this stage there is no detail on how this new funding is to be financed, on allocations for local authorities or on any conditions which may be associated with this allocation.

The production of DCLG Department Expenditure Limits (DEL) control totals for the period to 2019/20 has enabled the council to develop a four year MTFP. It is forecast at this stage that 2019/20 should be the last year DCLG budgets will be cut and as such local government budgets should cease to face further funding reductions. It is also helpful to have a four year plan as the full scope of savings requirements can now be considered as part of MTFP (6)

Based on an estimated £85m RSG reduction over this period and still using an assumed Council Tax increase of 2% in each of the next four years at this stage in line with previous Cabinet decisions, the savings required to balance the budget over the period 2016/17 to 2019/20 are forecast to be £134.7m.

The January 2016 MTFP (6) Cabinet report will be based upon the actual Local Government Finance settlement and will provide final clarity for 2016/17 and greater certainty for the whole MTFP (6) period.

The Council is continuing its medium term financial strategy to protect frontline services as far as possible and to engage the public and partners in developing and implementing savings. The first phase of consultation is complete and is summarised within the report. The second stage will involve further consultation through Area Action Partnership events to discuss the details of the 2016/17 savings proposals contained in Appendix 3 and described within the report. An outline approach to developing 2017/18 proposals is also described. As in previous MTFP reports, equality impact assessments are also summarised to inform the consultation and subsequent decision-making. Workforce implications arising from proposals for 16/17 savings have been analysed and the projections for the number of posts to be removed as a consequence of austerity have been increased by an estimated 400 posts.

## **Decision**

We have:

- (i) Noted the impact of the Spending Review detailed in the report.

- (ii) Noted that at this stage there is significant uncertainty in relation to the impact on the Council. Further clarity will be received when the Council receives the local government financial settlement in mid-December and receives details of all specific grants.
- (iii) Noted the adjustments to the 2016/17 Budget model and the revised savings target of £40.567m.
- (iv) Noted the revised savings target for the 2016/17 to 2019/20 period of £134.7m.
- (v) Noted the forecast utilisation of £25.1m of Budget Support Reserve.
- (vi) Noted the savings detailed in Appendix 3 of the report to achieve £61.833m of savings in 2016/17 and 2017/18.
- (vii) Considered the equality impacts identified and mitigating actions both in the report and in the individual equality impact assessments which have been made available in the Members' Resource Centre.
- (viii) Noted the programme of future work to ensure full impact assessments are available, where appropriate, at the point of decision-making, once all necessary consultations have been completed.
- (ix) Noted the ongoing work to assess cumulative impacts over the MTFP period which is regularly reported to Cabinet.
- (x) Agreed to consult on the savings proposals in Appendix 3 of the report.

**2. Quarter Two 2015/16 Performance Management Report  
Leader of the Council – Councillor Simon Henig  
Contact – Jenny Haworth 03000 268071**

We have considered the Quarter Two Performance Management Report of the Assistant Chief Executive which presented progress against the council's corporate basket of performance indicators (PIs), Council Plan and service plan actions and reported other performance issues for the second quarter of the 2015/16 financial year, covering the period July to September 2015.

It was reported that overall there continues to be good progress made during the quarter. Housing development and homelessness continue to improve. Child safeguarding has generally improved and good adult care provision continues. Crime and anti-social behaviour levels are decreasing. Challenges continue in the level of unemployment. Provisional data indicates that GCSE rates are worse than national levels and the educational achievement gap has widened for key stages two and four. Planning

applications determined in deadline continue to deteriorate and benefit claims processing times are slightly worse. Sickness levels remain higher than acceptable.

Reductions in demand for some key areas continue in child protection cases, fly-tipping incidents, the number of customers seen at our customer access points and new claims for housing benefit and council tax reduction. Increased demand has been evident in the number of looked after children cases and the number of children in need referrals. Freedom of Information (FOI) Act or Environmental Information Regulations (EIR) requests and planning applications received have all increased.

## **Decision**

We have:

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

## **Amendments**

### **Altogether Wealthier**

- i. Establishing planning consent for Aykley Heads due May 2016. Revised date: June 2016.
- ii. Construction of a new Railway Station at Horden on the Durham Coast Railway Line due August 2017. Revised date: November 2017.
- iii. Supporting the development of a Heritage Lottery application to secure funding to restore the historic quay in Seaham and improve public access to facilities due October 2015. Revised date: January 2016.
- iv. Implementation of the delivery plan for the Seaham Colliery site with the Homes and Communities Agency due March 2016. Revised date: January 2017.
- v. Work with the land owner to agree a programme of works for Festival Walk at Spennymoor due October 2015. Revised date: December 2015.

### **Altogether Better for Children and Young People**

- i. Implement the Youth Support Strategy, by reviewing youth support services to provide a clear focus on delivering targeted support to young people vulnerable to poor outcomes; and Working with the voluntary and community sector to provide a

targeted offer of positive activities to young people in County Durham due March 2016. Revised date: November 2016.

### **Altogether Healthier**

- i. Implement the specific requirements of the Care Act 2014 for adult social care by implementing an integrated transitions team due September 2015. Revised date: April 2016.

### **Altogether Safer**

- i. Strengthen the effectiveness of the Joint Partnership Team (DCC and the Police) by enhancing the Problem Solving Model and integrating the work of the Safer Neighbourhood Units with other community safety operations due July 2015. Revised date: March 2016.

### **Altogether Greener**

- i. Develop and improve the strategic cycle route network across County Durham due March 2016. Revised date: October 2016.

### **Deletions**

- i. Restore the former boys Grammar School (Laurel Buildings) in Bishop Auckland back to economic use.
- ii. Reviewing the assessment process to take into account additional demand from self-funders (Care Act, phase two)

### **3. Children's Services Update Cabinet Portfolio Holder – Councillor Ossie Johnson Contact – Carole Payne 03000 268657**

We have considered a report of the Corporate Director, Children and Adults Services which provided an update on the national and local developments in relation to Children's Services. The report updated on progress since the report presented to Cabinet on 15 April 2015.

At a local level, the Durham Local Safeguarding Children Board (LSCB) has prioritised work on child sexual exploitation since 2011. Progress in the last six months includes a new training tactic to identify and disrupt offenders, and, working with AAPs and schools to raise awareness of child sexual exploitation.

The Multi Agency Safeguarding Hub (MASH) was launched on 2 March 2015. This is a multi-disciplinary team which works together to screen, gather, analyse and share information relating to concerns about children in County Durham who may be at risk of harm or require support services. Since the launch, MASH has dealt with over three thousand concerns about children and young people.

Durham has been successful in two bids to the Children's Social Care Innovation Fund. The first was for £496,000 for a therapeutic support programme at Aycliffe Secure Centre and the other was for a £3.26 million to deliver a new approach to social work and to work with families building on the hearing from past initiatives in Durham and elsewhere. This has led to the creation of Families First Teams, the strengthening of third sector alliances, and enhanced service user engagement.

Durham successfully implemented and delivered Phase 1 of the Stronger Families programme and achieved its full target of 'turning around' 1,320 families by March 2015.

The report shows improvements in performance across a range of key indicators. As at the end of September 2015 reductions and favourable benchmarking comparisons were shown in the number and rate of children in need and the number and rate of children whose needs are met through a Child Protection Plan. The rate of children in need re-referrals is also reducing. As at end of September 2015, a high proportion of looked after children are in foster care. Provisional data as at 31<sup>st</sup> March 2015 shows 90.6% of children are placed within 20 miles of home; 78.6% within the boundaries of County Durham. This rate is better than the national level. There has been improvement in the timescales for the average number of days between a child entering care and moving in with its adoptive family. For quarter 1 2015/16 Durham's average continues to improve and shows a favourable position when compared to the national average.

The work and performance outlined in the report has been achieved through continued budgetary pressures. There is a continuing difficulty in recruiting social work middle managers. Additionally caseloads remain high in some teams although actions have been taken to reduce this pressure, which are beginning to have an impact. Children's Services has embarked on an ambitious programme of transformation whilst ensuring existing services continue to deliver good services to children and their families.

## **Decision**

We have:

- Noted the contents of this report.
- Agreed to receive further updates in relation to the transformation of Children's Services on a six monthly basis.

#### **4. Care Leavers Strategy Cabinet Portfolio Holder – Councillor Ossie Johnson Contact – Carole Payne 03000 268657**

We have considered a report of the Corporate Director, Children and Adults Services which presented the Care Leavers Strategy for Durham County Council.

The National Care Leavers Strategy was launched in October 2013 and sets out the actions that government departments will take in order to improve the support care leavers receive during their transition to adulthood and independence. Children often enter the care system with a poorer level of physical and mental health needs than their peers and their outcomes are poorer than their peers. The Care Leavers strategy sets out the Council's ambition and intentions for care leavers.

A 'one year on' progress update to the Care Leavers Strategy was launched by the Department of Education in October 2014. This outlined clear expectations for local authorities' support for care leavers. In order to summarise how the Council will meet all expectations placed on the local authority, a three year Care Leavers Strategy has been produced which was attached to the Cabinet report. There has been broad consultation and the final strategy reflects the comments provided during the consultation process.

### **Decision**

We have approved the Care Leavers' Strategy.

**5. Durham Humanitarian Support Partnership  
Cabinet Portfolio Holder – Councillor Eddie Tomlinson  
Contact – Gordon Elliott 03000 263605**

We have considered a report of the Assistant Chief Executive which updated on the Government's response to the Syrian refugee crisis. The report outlined the work of the Durham Humanitarian Support Partnership and working group and sought an agreement for Durham to take part in the Syrian Vulnerable Persons Relocation (SVPR) scheme in line with the approach recommended by the Durham Humanitarian Support Partnership. Delegated authority was sought for the Assistant Chief Executive, in consultation with the Portfolio Holder for Assets, Strategic Housing and Rural issues to agree Durham's response to the accommodation of asylum seekers and refugees in the County.

In order to consider how the County can best support the UK's response to the crisis, the Council established the Durham Humanitarian Support Partnership which met for the first time on 25 September 2015. The partnership agreed the following response to the Home Office's request to local authorities for support to progress the Syrian Refugee Relocation Scheme:

"Durham County Council and partners recognise that the current crisis in Syria is a national issue and welcomes the national commitment to ensure that support is resourced. We therefore support the UK's response to the crisis and are preparing to play our part in welcoming refugees to County Durham". The partnership also approved the establishment of a working group to plan the requirements for welcoming and support refugees, including capacity within the County. The Council continues to coordinate offers of support and assistance from the public and organisations.



The Partnership has proposed that an incremental approach be adopted to ensure refugees are able to settle and become part of the community in the County and they have proposed that:

- The County should consider offering support which is in line with the Council's share of the national population (equating to circa 200 Syrian refugees over five years) and the offer should focus on family groups.
- Within 12 months of the first group of refugees arriving in the County, an evaluation be completed into the effectiveness of the programme to determine if the number of Syrian refugees settled in County Durham could be increased.

### **Decision**

We have:

- Noted and endorsed the work carried out by the Durham Humanitarian Support Partnership.
- Agreed the proposed response to the Syrian Vulnerable Persons Relocation Scheme and widening dispersal scheme set out in the report.
- Agreed to delegate authority to progress Durham's offer of support to the Assistant Chief Executive, in consultation with the Portfolio Holder for Assets, Strategic Housing and Rural Issues.

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

12 January 2016