7 December 2016

Report from the Cabinet

Durham County Council

Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 19 October, and 16 November 2016 to enable Members to ask related questions.

Members are asked to table any questions on items in this report by 2 pm on 6 December 2016 in order for them to be displayed on the screens in the Council Chamber.

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1. Durham Key Options Lettings Policy Changes
Key Decision: RED/08/16
Cabinet Portfolio Holder – Councillor Eddie Tomlinson
Contact – John Kelly 03000 262545

We have considered a report of the Corporate Director, Regeneration and Local Services which updated on the outcomes of the recent consultation on the proposed changes to the Durham Key Options Lettings Policy and sought approval to implement policy changes as set out in the report.

Durham Key Options (DKO) began in 2008, with East Durham Homes acting as a pilot to the Choice Based Lettings (CBL) scheme. CBL allows applicants who are registered for housing to bid for empty properties on a weekly basis. Dale and Valley Homes, Derwentside Homes, East Durham Homes, livin (formerly Sedgefield Borough Homes) and North Star (formerly Teesdale Housing) joined in 2009 and Cestria fully entered the scheme in 2010. All seven partners agreed to follow one combined Letting Policy and nominate 100% of their stock through DKO. The DKO Lettings Policy was last reviewed and amended in 2013. This was in response to the Localism Act 2011 and impending changes to housing benefit.

In order to ensure appropriate letting of social housing properties in County Durham, DKO must continue to ensure that the future homes of their applicants are suitable and affordable. The client's current housing need must be balanced with their future need, both in terms of housing need and affordability. It is considered essential that the DKO Letting Policy reflects the changing climate in housing; the impact of welfare reform and the changing needs of clients. Overall, the aim is to offer suitable and affordable homes, with an easier application process and a more efficient bidding system; a more customer friendly scheme, with a better matching of stock to needs.

The DKO Board, which is made up of representatives of all landlords involved with DKO, agreed an action plan for 2016-17 and a review of the letting policy was included as one of the actions. The Council's Consultation Officers Group (COG) agreed the 10 questions (also agreed by all DKO partners) which formed the consultation for these changes. These were set out in appendix 4 of the report. All DKO partner landlords carried out their own consultation with their stakeholders, including their own Boards and management teams. There were exactly 800 returns in response to the consultation, across all 7 landlord partners. The response was largely in favour of all changes with at least 72% agreeing with each change. The results of this consultation were included in the report at appendix 4.

Following the approval of the changes to the policy, DKO partners will spend the coming months reviewing the procedures that sit behind the DKO Letting Policy. The DKO Board will create a robust procedure for the assessment of rent and mortgage arrears, as well as clarifying how affordability will be assessed by the scheme. The procedure document will be revised to include all other changes, by the DKO Steering Group and the Choice Based Lettings Co-ordinator (employed by DCC). Staff training will be carried out across all partners (and co-ordinated by the Council) to ensure all changes are understood, both in terms of their reasoning and potential impact. The DKO website and partner websites will be updated to promote all changes to the public. Other advertising (such as the Durham County News magazine) will be utilised to ensure all changes are widely promoted.

Decision

We have agreed to amend the Durham Key Options Letting Policy as follows:

- The banding structure will be reduced from 5 bands (A to E) to 4 bands (1-4). The existing quota system will also be removed so all allocations are awarded based solely on housing need, with all applicants being shortlisted in the order of their band (1-4) with their date of application acting as a tie breaker.

- To accommodate the new 4 band structure, all applicants in high medical need will be assessed against a new two-tier medical framework, devised by DKO in partnership with Occupational Therapists. All applicants with a medical need will be placed in either band 1 with an urgent medical need, or band 2 for all other medical needs.

- All applicants placed in band 1 will be expected to be rehoused (pending suitable accommodation available) within 12 months. If suitable accommodation has been deliberately overlooked or refused then the applicant may be placed in band 2, but only after a direct offer of accommodation has been made. Each case will be reviewed at the 12 month stage and where suitable accommodation has not been available (or where the applicant's circumstance means they have been unable to bid) then their time in band 1 will be extended. The 6 week timeframe to rehouse statutorily homeless applicants will remain in the policy, with a direct offer made after a 6 week period.

- To increase engagement with the local authority's housing solutions service, DKO will remove the low level banding reason 'threatened with homelessness within the next three months' (that would have felt into the new band 3). All applicants will be given their housing options but referred to the local authority for full homelessness advice (any potential homeless application required). Applicants found to be homeless and in priority need through a homeless application will be placed in band 1, those that the authority find they have no duty to, will be placed in band 2.

- DKO will also remove the banding assessment reason 'wanting larger accommodation (outside of overcrowding)', currently in band D. All applicants that can afford larger accommodation will still be given access to it but will not be assessed as having a housing 'need' when they are adequately housed.

- Applicants assessed as adequately housed that have moved within the last 12 months through the DKO scheme, will not be allowed to register until the end of that 12 month period (from date of move). If the applicant (or household) requires a new housing need to be assessed (eg welfare, hardship, medical) then their application for housing will be accepted at any time.

- All rent/mortgage arrears will be assessed when considering applicant's current circumstance and acceptability as a future tenant. Every case will be dealt with on its own merits including the reason for accruing the arrears and 'signs of change' since.

- Applicants will only be granted access to the size of home they can afford to pay the total rent for (whether in full, or part housing benefit).

2. An Opportunity for Every Care Leaver
Cabinet Portfolio Holder – Councillor Ossie Johnson
Contact – Linda Bailey 01325 375940

We have considered a report of the Interim Corporate Director, Children and Adults Services which updated on action being taken to ensure all of Care Leavers have the opportunity to achieve their aspirations and fulfil their potential and to highlight ongoing barriers to the successful progression into Apprenticeships and employment for some Care Leavers.

In March 2016, the Corporate Management Team agreed to the development of an Action Plan to identify and promote opportunities for Care Leavers within DCC and to clarify roles and responsibilities. The Action Plan (which was included in the report at Appendix 2) has been developed and it is now being implemented. Key developments include:

- Identification of Directorate Champions to support the sourcing and promotion of opportunities (for Apprenticeships and Traineeships):
- Profile of agenda raised with Strategic Managers via Management Teams and identification of possible opportunities for Care Leavers
- Establishment of a central brokerage function to support unemployed Care Leavers into education, employment or training and/or to benefit from the identified opportunities.
- All unemployed Care Leavers (15-24) allocated a Transition Advisor (through DurhamWorks) to support them on their pathway to employment. The Advisors will continue to work with them until July 2018.
- Celebration of Success of individual Care Leavers, e.g. Care Leavers undertaking a Traineeship with the Adult Learning and Skills Service recently received a Group award at an Awards

evening on the 16th June. In addition, a Care Leavers Celebration of Achievement Event will be held on the 26 October 2016 as part of national Care Leavers Week.

Many Care Leavers continue to face multiple barriers to progression. These include low confidence and low self-esteem and previous negative experiences of education which can impact on motivation to progress into education, employment or training. Some Care Leavers are also teenage parents and their barriers to progression can be even greater.
In addition to the many personal barriers individual Care Leavers can face to progression, there continues to be a financial disincentive for many to progress onto an Apprenticeship or into employment. In year one of an apprenticeship, it is likely that an individual will receive £529 per month. Many Care Leavers, as a result of their individual circumstances, receive benefits far in excess of this and there continue to be caught in a benefits trap. Initial discussions with both Revenue and Benefits and Jobcentre Plus suggest there is no local flexibility to waiver national rules which dictate the support Care Leavers can receive when undertaking an Apprenticeship.

The report therefore proposed that a small Task Group be established involving the Young People's Service, Adult Learning and Skills Service, Revenue and Benefits, Regeneration and Economic Development and Jobcentre Plus to develop a more detailed understanding of the level of financial support that would be required to support an estimated 10 Care Leavers each year with a two year income guarantee and a process by which this could be managed.

Decision

We have:

- Noted the activity being undertaken to support Care Leavers address financial barriers to undertaking an Apprenticeship / access employment and ensure the Council meets its responsibilities as a Corporate Parent.

3. Public Health Annual Update Report
Cabinet Portfolio Holders – Councillors Lucy Hovvels, Joy Allen, and Ossie Johnson
Contact – Gill O'Neill 03000 267696

We have considered a report of the Interim Corporate Director, Adult and Health Services and the Interim Director, Public Health

The report provided an update of national, regional and local developments during the last year. Priorities going forward are in alignment with Public Health England and best available evidence, building on community assets and impacting on the health needs of the population. Wellbeing for life and Area Action Partnership connections will be pivotal in achieving this.

Further work will be undertaken through the housing and health group and links with the poverty action group to consider how by maximizing income and improving the quality of housing can reduce premature mortality and increase life expectancy. The work with the NHS on the Sustainable Transformation Plans and the Health and Social Care Commission will take up increasing amounts of time within the public health team to ensure prevention and early intervention is at the forefront of thinking across all work streams.

Decision

We have:

- noted the content of the report
- agreed to receive an annual update on public health in relation to ongoing transformations in service delivery and commissioned services.

4. Durham County Cricket Club – Financial Support
Cabinet Portfolio Holders – Councillors Neil Foster, and Alan Napier
Contact – Ian Thompson 03000 267331

We have considered a joint report of the Corporate Director, Regeneration and Local Services and the Corporate Director, Resources which informed Cabinet of developments in relation to securing the future of first class county cricket in the county. The report also provided an update on the finances of Durham County Cricket Club (DCCC), a change in their articles of association and subsequent restructure of the Club in response to a financial rescue package agreed with the England and Wales Cricket Board (ECB). The report also sought agreement to the Council converting its outstanding loan balance into equity in the form of redeemable preference shares in the new Community Interest Company (CIC) that will run the Club going forward as part of the rescue package to secure the future of DCCC.

The Emirates Durham International Cricket Ground in Chester-le-Street is a world class multi-purpose events and entertainment venue that has hosted a number of prestigious, high-profile cricket matches, including an Ashes Test Match in 2013, many one day and limited overs T20 internationals plus a range of concerts, conferences, meetings and events which provide significant tourism and promotional benefits to the county. Over the summer, DCCC made the Council and the ECB aware of the extent of the significant financial difficulties that the Club was facing and raised grave concerns over the future viability of the Club unless there was a significant restructuring of its debt position or new additional cash investment into the business. DCCC had hoped that commercial and residential developments on the site could have provided much needed financial security but it was unlikely that these benefits could be realised quickly enough

The financial situation DCCC faces is untenable and the Club is effectively insolvent and not viable in its current state. It has been taking advice from an

Insolvency Practitioner and without a restructuring and rescue package being put in place the Club will enter into administration. There is a real threat that first class cricket could be lost and a significant risk that the Council would be unable to recover the outstanding debt.

The ECB have intervened and the Club will face sporting sanctions as a consequence of their financial position. The rescue package proposed by the ECB would see the ECB write off £2million of outstanding debts. It is recognised that the sanctions will lower the profile of the Club in the short term, however, the ECB have committed to limited overs international cricket being brought to the County each year and the Emirates Durham International Cricket Ground in Chester-le-Street being a Cricket World Cup venue in 2019. The proposed package is contingent on the Council's participation in an 'all creditor' agreement through transferring its debt to redeemable preference shares in the new CIC. This would allow a solvent Club under new management to continue and over time grow. The ECB have also committed to the Council receiving an equally proportionate amount of any special fee payments due to DCCC over the coming years. The Council's role and participation in the new Board is still to be determined.

The proposals put forward by the ECB carry the prospect of the Council ultimately recovering its investment by way of dividend and / or special fee payments and does not involve the Council paying any further monies to the Club.

Decision:

We have:

(i) Agreed to convert the outstanding balances on the loans advanced by the Council to DCCC in 2009, 2011 and 2013 – currently £3.740million - to equity in the form of redeemable preference shares in the newly formed CIC to run DCCC going forward;

(ii) Noted that the new CIC will be overseen by a new Chair, a new Board of Directors and a new management team going forward;

(iii) Delegated to the Corporate Directors of Resources and Regeneration and Local Services, in consultation with the Cabinet Portfolio Holders for Finance and Regeneration and Economic Development, authority to finalise the terms of the conversion and shareholding in the new CIC.

5. Schools PFI Refinancing
Deputy Leader of the Council – Councillor Alan Napier
Contact – Jeff Garfoot 03000 261946

We have considered a report of the Corporate Director, Resources, which sought approval for delegated powers to be utilised to enter into a debt refinancing arrangement for the Council's Public Finance Initiative (PFI) covering Schools.

As part of the Building Schools for the Future programme, three new schools were procured through a PFI contract with Inspiredspaces Durham (ProjectCo1) Ltd. The schools were completed between September 2010 and January 2011 and the associated PFI contract runs until January 2036. During this time, the Council pays a monthly amount to the contractor, currently £608,000 per month, which is currently funded by a PFI grant, contributions from the schools, and a contribution from the Dedicated Schools Grant.

The Council has been approached by Amber Fund Management Limited (AFM), our partner in the PFI Project Company to consider the refinancing of the senior debt within the PFI deal. This approach has been made at this time because of the historically low level of interest rates available at present.

In total the original senior debt was circa £49million with circa £43million still outstanding. AFM have approached the Council along with five other local authorities to bring together a larger portfolio to take to the market to seek a refinancing deal. In total the outstanding debt for all of the authorities is £390million. It is expected that a more competitive deal can be secured by going to the market for £390million rather than just the Councils £43million. Notwithstanding this expectation, terms will be sought for individual authorities as well as for the full £390million. This will enable each local authority to be able to compare and assess options individually and collectively.

Each of the PFI contracts includes a requirement for early redemption penalties to be paid as part of any refinancing deal. It is estimated that the cost of these early redemption payments for the six local authorities could be circa £110million. This would require a total refinance package of circa £500million. Although this would result in an increase in the outstanding debt, it is still expected that the total repayments over the remaining term of the arrangement (circa 20 – 22 years) will be lower due to the expected reduction in interest rate charged on the new loan debt.

At this stage AFM have approached the market to seek terms. In terms of timing, it is expected that the short list will be agreed by the end of October and a final deal being finalised by the end of March 2017. Based upon initial indications AFM have advised the Council that the terms being offered by prospective funders will result in a net gain for the six local authorities. Any benefit from the refinancing will be split between the Council and AFM as follows:

Up to £1million benefit	50% DCC – 50% AFM
Between £1million and £3million benefit	60% DCC – 40% AFM
Over £3m benefit	70% DCC – 30% AFM

It is not clear at this point when the Council will be required to enter into contractual arrangements to finalise any refinancing arrangement, however, there may be a need to move at pace in this regard. With this in mind this report seeks approval for delegated approval to be given to enable any such arrangement to be entered into on the basis that any arrangement generates a financial benefit, balances risk and protects the interests of the Council.

Decision

We have agreed to:

(i) Note the option to refinance the debt outstanding in the Council's Schools PFI;

(ii) Note the total sums outstanding and the option to aggregate the Council's outstanding debt with that of five other local authorities to maximize financial benefit;

(iii) Note the expectation of a financial benefit being generated from the refinancing;

(iv) Authorise the Corporate Director Resources in consultation with the Portfolio Holder for Finance to agree a refinancing deal beneficial to the Council.

6. Council Tax Base 2017/18 and Forecast Surplus on the Council Tax Collection Fund as 31 March 2017
Key Decision: CORP/R/16/03
Deputy Leader of the Council – Councillor Alan Napier
Contact – Paul Darby 03000 261930

We have considered a report of the Corporate Director, Resources which requested that Cabinet determine the Council's Tax Base for all domestic properties liable to pay council tax. The report also included information on the estimated collection fund surplus as at 31 March 2017.

Regulations made under the Local Government Finance Act 1992 (The Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended)) require each billing authority to calculate its 'Council Tax Base' for the following financial year. The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (SI 2012:2914) provides amended statutory guidance to incorporate the changes as a result of the introduction of Local Council Tax Reduction Schemes (LCTRS's) from 1 April 2013.

The Council Tax Base is a measure of the County Council's 'taxable capacity', for the purpose of setting its Council Tax. Legislation requires the Council to set out the formula for that calculation and that the tax base is formally approved by Cabinet. Section 84 of the Local Government Act 2003 enables authorities to set their Council Tax Base, other than by a decision of the full Council, therefore, allowing Cabinet to take the necessary decisions to determine the Council Tax Base for 2017/18.

On 20 July 2016 Cabinet resolved to recommend to Council continuation of the current LCTRS into 2017/18. On 26 October, 2016 Council subsequently approved the continuation of the current Local Council Tax Reduction Scheme into 2017/18, which retains the same level of support to all council tax payers as the previous Council Tax Benefit Scheme, which was abolished on 1 April 2013.

The extension to the LCTRS is initially for one more year and the Scheme will be kept under continuous review with a further decision to be considered by Cabinet in the summer of 2017 and Full Council by January 2018 with regards to proposals for 2018/19. There are no other discount changes impacting on the Tax Base for 2017/18.

All monies collected from Council Tax are paid into the Collection Fund. The Council collects monies on behalf of itself, the Police, Crime and Victims' Commissioner, the County Durham and Darlington Fire and Rescue Authority and local Town and Parish Councils in the County. Police and Fire are classified as major precepting bodies under Council Tax legislation, whereas Town and Parish Councils are classified as local precepting bodies.

Significant sums pass through the Collection Fund annually, a process which can result in a surplus or deficit on the Fund at the 31st March as the monies collected inevitably vary from those estimated.

As the billing authority, the Council is required on an annual basis, by 15 January, to make a declaration of the estimated Collection Fund outturn position, and identify and apportion any surplus or deficit anticipated for the following financial year between the principal precepting authorities making a precept on the Fund so that they can factor this into the budget setting processes. Quarterly updates are reported as part of the budgetary control reports to Cabinet and over the last few years the Council has largely declared a balanced position on the Collection Fund. Last year however, the Council declared a surplus of £7.031million, which was distributed in 2016/17 and used for budget setting in the current year.

The Council Tax Collection Fund is forecast to achieve a surplus of £2.578million at 31 March 2017 and therefore the Council will be declaring a surplus for budget setting purposes and needs to apportion this between the major precepting bodies.

The estimated surplus for council tax will be shared between the County Council, the Fire Authority and Durham Police, Crime and Victims'

Commissioner in proportion to the 2016/17 demands / precepts on the Fund. The £2.578million will therefore be allocated as follows:

	Forecast Surplus to be Distributed in 2016/17 £m
Durham County Council	£2.169m
Durham Police, Crime & Victims' Commissioner	£0.259m
Durham & Darlington Fire and Rescue Authority	£0.150m
Total	£2.578m

Officers will continue to carefully track and monitor the Council Tax Base and Collection Fund performance over the coming months. It is unlikely that the forecast outturn on the Collection Fund will change significantly at this stage. Police, Fire and local town and parish councils have been notified of their indicative Council Tax Bases earlier this summer and the Fire Authority and Durham Police, Crime and Victims' Commissioner have also been notified that they will receive a share of an anticipated surplus on the Council Tax Collection Fund.

In continuing with the current LCTRS next year, members have committed to a full review of the Scheme in early summer of 2017. This review will draw on experiences elsewhere and the impact of the wider welfare reforms in County Durham during the period 2013/14 to 2016/17 and put forward options for consideration by Cabinet in July/September next year, with a view to consultation on any changes for 2018/19 being in the Autumn of 2017 and a report being presented to Cabinet on the outcome of the consultation by December 2017. The 2018/19 LCTRS scheme will need to be endorsed by Council before 31 January 2018.

Decision

We have:

(i) approved the Council Tax Base for the financial year 2017/18 for the County, which has been calculated to be 135,620.9 Band D equivalent properties;

(ii) approved the declaration of a surplus on the Council Tax Collection Fund at 31 March 2017 of £2.578million, to be distributed to the Council; the County Durham Fire and Rescue Authority; and the Durham Police and Crime Commissioner in accordance with Council Tax regulations.

7. Safeguarding Adults Board Annual Report 2015/16
Cabinet Portfolio Holder – Councillor Lucy Hovvels
Contact – Lesley Jeavons 03000 267356

We have considered a report of the Corporate Director, Adults and Health Services which presented the County Durham Safeguarding Adult Board Annual Report for 2015/2016.

The introduction of the Care Act 2014, placed a statutory requirement upon the Safeguarding Adults Board to produce and publicise an annual report. The report provided information on the current position of the County Durham Safeguarding Adults Board and outlined achievements during the year 2015/2016. A number of specific areas were covered in the Annual Report as follows:

- Safeguarding in the national and local context.
- Achievements and impact during the year 2015/2016.
- Looking ahead, future actions and the refreshed Strategic Plan for 2016/17.
- Perspectives of the key partners.
- Key data on safeguarding activity in County Durham is throughout.

Decision

We have received the annual report and noted the ongoing developments achieved in this area of work.

8. Durham Local Safeguarding Children Board Annual Report 2015-16
Cabinet Portfolio Holder – Councillor Ossie Johnson
Contact – Peter Appleton 03000 267388

We have considered a report of the Interim Corporate Director, Children and Young People's Services which presented the Durham Local Safeguarding Children Board Annual Report 2015-16.

Durham Local Safeguarding Children Board (LSCB) is a statutory body established under the Children Act 2004. The Durham LSCB Annual Report 2015-16 sets out the work of multi-agency partners to ensure effective arrangements are in place to safeguard and protect vulnerable children and young people from abuse and neglect. The report described the work undertaken against the 2015-16 priorities and sets out the future priorities for 2016-19 which include:

- Reducing Child Sexual Exploitation
- Improving Early Help
- Reducing Neglect (contributory factors are domestic abuse; alcohol misuse; substance misuse; parental mental health)
- Reducing self-harm and improving young people's self-esteem
- Increase the voice of the child
- Ensuring that each agency is accountable for delivery of its own safeguarding responsibilities

Decision

We have endorsed the Durham Local Safeguarding Children Board Annual Reports.

9. Mid-Year Review Report on Treasury Management for the period to 30 September 2016
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 information on the treasury management mid-year position for 2016/17 and sought approval of a revision to:

a) a Treasury Management Indicator for 2016/17; and
b) the Council's Investment Strategy for 2016/17.

The Council operates a balanced budget, which means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially, before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital programme. Accordingly, treasury management is defined as 'the management of the local authority's investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks'.

The Council adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice in ensuring adequate monitoring of the Council's capital expenditure plans and its Prudential Indicators (PIs). This requires that Members agree the following reports, as a minimum:

c) an annual Treasury Management Strategy in advance of the year (reported to the County Council on 24 February 2016);
d) an annual review following the end of the year describing the activity compared to the strategy (reported to the County Council on 21 September 2016), and
e) a mid-year Treasury Management Review Report;

The Annual Treasury Management Statement for 2016/17 was approved by the Council on 24 February 2016. It recommended that revisions be made to the:

- Treasury Management Indicator for the upper limit on variable interest rate exposure.
- Investment Strategy

Treasury Management Indicator for the upper limit on variable interest rate exposure

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. The indicators are:

(i) Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
(ii) Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
(iii) Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve an increase to the upper limit on variable rate loans as a percentage of net debt for 2016/17 to 70% from 30%, as set out in the following table. Net debt is total borrowing less total investments. The revision is necessary due to the high level of investments held by the Council, which reduces the net debt position and in turn increases the percentage of loans to net debt.

Interest rate Exposures	2016/17 Original	2016/17 Revised
Limits on fixed interest rates based on net debt	100%	100%
Limits on variable interest rates based on net debt	30%	70%

Investment Strategy

The approved limits for investments as previously agreed within the Annual Investment Strategy no longer meet the requirements of the treasury management function. The main reasons for the need to amend the strategy are:

a. to facilitate a more balanced approach to investing by diversifying the Council's investment portfolio, spreading the investment risk and maximising investment returns (whilst having regard to security and liquidity);

b. due to the re-categorisation of the loan with Durham County Cricket Club into equity;

c. to invest in businesses within County Durham in order to encourage regeneration and economic development in the area.

The report recommended Cabinet to approve the following changes to:

(i) extend the list of investment instruments categorised as non-specified to enable the Council to invest in other entities locally;
(ii) increase the monetary limit for equity shareholdings up to:
    (a) £20 million in total (from £10 million) and
    (b) £11 million in an individual business;
(iii) allow investment in property funds of not more than £10 million in total and £5 million in an individual fund.

Decision

We have:

(a) approved the proposed changes to the Treasury Management Strategy for 2016/17;

(b) noted the contents of the mid-year review report and agreed to report further to Full Council.

10. Forecast of Revenue and Capital Outturn 2016/17 – Period to 30 September 2016
Deputy Leader of the Council – Councillor Alan Napier
Contact – Sheila Palmerley 03000 265731

We have considered a report of the Corporate Director, Resources which provided Cabinet with an updated forecast of 2016/17 revenue and capital outturn, based on the period to 30 September 2016 and included an updated forecast for the Council's Council Tax and Business Rates Collection Fund position at 31 March 2017.

This report updated the position presented to Cabinet on 14 September 2016 that showed the forecasted revenue and capital outturn based on expenditure and income up to 30 June 2016, provided updates to these forecasts and revised forecast balances on general reserves and earmarked reserves at 31 March 2017. The report also included the updated forecasts for the Council Tax Collection Fund and Business Rates Collection Fund for 2016/17.

The following adjustments have been made to the Original Budget agreed by Full Council in February 2016:

(i) agreed budget transfers between Service Groupings
(ii) additions to budget for items outside the cash limit
(iii) planned use of or contribution to Earmarked Reserves

Capital

On 13 July 2016 Cabinet received a report which provided details of the final outturn position of the 2015/16 Capital Programme. The report also included the additional capital allocations of £54.422 million approved by Full Council on 24 February 2016 and the reprofiling of budgets from 2015/16 amounting to £17.119 million, which resulted in the establishment of the original 2016/17 budget of £126.090 million.

Cabinet subsequently approved further revisions to the capital programme on 14 September 2016, taking into account additional resources received by the authority and further requests for reprofiling as Service Management Teams continue to monitor and review their capital schemes. The revised 2016/17 Capital programme approved by Cabinet on 14 September 2016 is £128.653 million. The report showed the forecast outturn for each service and the actual capital spend as at 30 September 2016.

The report included an updated forecast for the Council Tax and Business Rates Collection Fund position at 31 March 2017.

Decision

We have:

- (i) Noted the projected change in the Council's overall financial position for 2016/17.
- (ii) Agreed the proposed 'sums outside the cash limit' for approval.
- (iii) Agreed the revenue and capital budget adjustments.
- (iv) Noted the forecast use of Earmarked Reserves.
- (v) Noted the forecast end of year position for the Cash Limit and General Reserves.
- (vi) Noted the position on the Capital Programme and the Collection Funds in respect of Council Tax and Business Rates.

Councillor S Henig
Leader of the County Council

29 November 2016