

**20 September 2017**

**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 12 July 2017 to enable Members to ask related questions.

Members are asked to table any questions on items in this report by 2 pm on 19 September 2017 in order for them to be displayed on the screens in the Council Chamber.

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**1. Medium Term Financial Plan(8), Council Plan, Service Plans 2018/19-2021/22 and Reviews of the Local Council Tax Reduction Scheme, Council Tax Discounts and Business Discretionary Rate Reliefs**

**Key Decision: CORP/R/17/02**

**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 of Resources and the Director of Transformation and Partnerships which provided an update on the development of the 2018/19 budget and the Medium Term Financial Plan (MTFP(8)) and Council Plan / Service Plans 2018/19 to 2021/22. The report also considered reviews of the Local Council Tax Reduction Scheme, Council Tax discounts and Business Rates Discretionary Rate Relief.

The financial outlook for the Council continues to be extremely challenging with government funding reductions confirmed as continuing until at least 2020. There is uncertainty as to what will happen with local authority funding beyond this period. This position will also be impacted by any decisions following the outcome of the General Election, although the precise nature of the impact on local government is uncertain.

The Chancellor of the Exchequer's 8 March 2017 Budget reported a further deterioration in the public finances. The performance of the economy is not meeting expectations which has resulted in the previous government dropping the policy of achieving a surplus in the national finances. This was replaced with an aspiration to eradicate the deficit by the end of the next parliament

There is significant uncertainty as to the impact upon the national finances from Brexit and the knock on impact for local government. Similarly the former government policy of introducing 100% Business Rate Retention for local government could impact significantly upon local authorities baseline funding levels and their ability to raise sufficient funding to meet future service demands. The expectation was for 100% Business Rate Retention to be introduced in 2019/20 although this may now slip to 2020/21.

These uncertainties considered alongside the possible impact of new policies from the new government after the General Election all generate significant complications for the council in developing plans for MTFP(8).

At this stage the Council is planning on the basis of the funding reductions confirmed for the next two years as part of the previous four year settlement. At the same time the Council recognises that additional funding reductions from government could still be forthcoming. As part of MTFP(8) however a four year strategy has been developed to ensure long term planning continues. At this stage, in the absence of a confirmed position, the Council is assuming no further government core funding reductions beyond 2019/20.

Although the settlement from government is unchanged to that reported to Council in February 2017, in line with previous practice, the MTFP model has

been reviewed. Savings of £41 million are forecast to be required to balance the budget over the 2018/19 to 2021/22 period. Although core funding reductions are assumed to have ended in 2019/20, savings are still required in later years as service demands and inflationary pressures outstrip the council's ability to raise additional funds from council tax and from business rates.

The achievement of an additional £41 million of savings over the next four years will be extremely challenging and will have an increased impact on front line services. 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 are becoming exhausted following the delivery of £209 million of savings up to 31 March 2018.

The total savings required at this stage for 2018/19 to balance the budget amount to £25.6 million which is 60% of the £41 million required over the next four years. Savings plans will be considered over the coming months to determine how savings can be achieved across MTFP(8) to bring the budget back into balances. At the same time the council will also consider how best to utilise the Budget Support Reserve (BSR) across the MTFP(8) period to ensure the impact of all savings plans are carefully considered and fully consulted upon. The current balance on the BSR as reported to Cabinet on 14 June 2017 is £30 million.

The Council, along with Northumberland Council, are the only two local authorities in the North East to have retained entitlement levels for Council Tax support within the Local Council Tax Reduction Scheme (LCTRS) in line with that which applied under the national Council Tax Benefit regime prior to 2013/14. The policy has protected vulnerable residents at a time when welfare reform changes have had a significant adverse impact. This report recommended that the current LCTRS be retained for a further year into 2018/19.

As part of the March Budget, the Chancellor announced a range of measures to reduce Business Rates liabilities, including funding to support the introduction of local policies to support businesses most impacted by the revaluation. The report also set out proposals to amend the Council's Discretionary Rates Relief Policy to incorporate the announcements made in March.

## **Decision**

We have:

- a) noted the requirement to identify additional savings of £41million for the period 2018/19 to 2021/22;
- b) agreed the approach to preparing the Council Plan and Service Plan;

- c) agreed the high level MTFP(8) and Council Plan timetable;
- d) agreed the approach outlined for consultation;
- e) noted the workforce impact resulting from the need to realise additional savings of £41 million over the 2018/19 to 2021/22 period;
- f) agreed the proposals to build equalities considerations into decision making;
- g) agreed that Cabinet recommend to Full Council that the Local Council Tax Reduction Scheme should remain unchanged for 2018/19;
- h) approved the updated Council Tax Discretionary Reduction (Hardship Relief) Policy as attached at Appendix 3;
- i) approved the introduction of a Council Tax Discretionary Reduction (Relief) For Care Leavers Policy, as attached at Appendix 5;
- j) noted that in the future the review of the Council Tax Discretionary Reduction (Hardship Relief) Policy will be undertaken on an annual basis and aligned to the review of the Local Council Tax Reduction Scheme;
- k) noted that Council Tax Discretionary Reduction (Relief) for Care Leavers Policy will be reviewed on an annual basis, review of the Council Tax Discretionary Reduction (Hardship Relief) Policy will be undertaken on an annual basis and aligned to the review of the Local Council Tax Reduction Scheme;
- l) approved the proposals in terms of the Discretionary Rate Relief scheme to be applied in County Durham in line with the Government announcements in March 2017, which has been incorporated into the Discretionary Rates Relief and Business Rates Hardship Relief Policy attached at Appendix 6;
- m) noted that the Discretionary Rate Relief scheme will be monitored and reviewed, with delegated approval given to the Corporate Director of Resources, in consultation with the Cabinet Member for Finance, to vary the percentage awards to small businesses retrospectively should we need to in order to maximise spend against the available grant in year and to vary the rates applied to new applications should the need arise.

**2. Treasury Management Outturn 2016/17**  
**Deputy Leader of the Council– Councillor Alan Napier**  
**Contact – Jeff Garfoot 03000 261946**

We have considered a report of the Corporate Director of Resources which provided information on the Treasury Management outturn position for the year ended 31 March 2017.

Treasury Management is the management of the Council'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. It is concerned with how the Council manages its cash resources and its scope covers borrowing, investment and hedging instruments and techniques.

The regulatory framework governing Treasury Management covers the Council's cash management, loans and investments activity and requires that the Council receives, comments upon and agrees regular Treasury Management review reports. The report incorporated the needs of the 'Prudential Code', which can be regarded as being best operational practice, to ensure adequate monitoring of the Council's capital expenditure plans and prudential indicators (PIs). The Treasury Management Strategy and PIs for 2016/17 were agreed by the Council as part of the Medium Term Financial Plan 2016/17 to 2019/20 (MTFP6) on 24 February 2016, were revised in the Mid-Year Review Report on Treasury Management which was agreed by Council on 7 December 2016 and have subsequently been updated as part of the Medium Term Financial Plan 2017/18 to 2019/20 report (MTFP7), agreed by Council on 22 February 2017.

The report supports the objective in the revised Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and the Communities and Local Government Investment Guidance. These state that Members should receive reports and scrutinise the Treasury Management function as part of good governance.

The report provided a summary of the following:

- (a) economic and interest rate review for 2016/17;
- (b) capital expenditure and financing during the year;
- (c) overall borrowing requirement;
- (d) treasury position as at 31/3/17;
- (e) investment strategy;
- (f) investment outturn for the year.

## **Decision**

We have noted the treasury management outturn position for 2016/17 and agreed to report to Full Council on 20 September 2017.

### **3. 2016/17 Final Outturn for the General Fund 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 of Resources which provided details of the revenue and capital outturn for the General Fund for 2016/17, and the 2016/17 outturn for the Collection Fund in respect of Council Tax collection and Business Rates collection.

The financial outlook for the Council and the whole of local government remains extremely challenging. Funding reductions will continue until at least 2019/20. The Chancellor of the Exchequer's Budget published on 8 March 2017 confirmed that austerity would continue until at least 2020/21. At this point the national budget will still have a £21 billion deficit. In addition the Government is still required to identify £3.5 billion of 'efficiency savings' from the 2019/20 budget. This raises the possibility that local government could face additional funding reductions in 2019/20 and beyond. By 31 March 2018, the Council will have delivered savings of £209 million since 2011.

The Chancellor of the Exchequer's March Budget also announced additional financial support for social care. An additional £2 billion is available to local government over the three years 2017/18 to 2019/20. For Durham, the allocations for the next three years are £13 million, £8 million and £4 million respectively. Although the additional funding is welcome, the funding is one off in nature and cannot be invested on recurrent expenditure without creating further financial pressures in future MTFP's. The Council is required to work with Clinical Commissioning Groups (CCGs) in terms of investment plans.

On 24 February 2016, County Council agreed a net revenue budget of £401.515 million for 2016/17. Factoring in cuts in Government grant, inflation and other budget pressures the delivery of £36.847 million of savings was required in 2016/17 in order to deliver a balanced budget. Quarterly forecast outturn reports have been considered by Cabinet throughout the 2016/17 financial year and detailed reports on individual Service Groupings have also been considered by the various Overview and Scrutiny Committees.

This final outturn for 2016/17 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 of 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:

- a) the reduction in the Cash Limit Reserves of £6.044 million during 2016/17 with closing Cash Limit Reserves of £16.255 million. These sums will continue be held as Earmarked Reserves and be available for Service Groupings to manage their budgets effectively;
- b) the closing General Reserve balance of £23.001 million;
- c) the closing balance on General Fund Earmarked Reserves (excluding Cash Limit Reserves) is £186.301 million;
- d) the closing balance on Schools Reserves is £30.996 million;
- e) the position for the Collection Funds in respect of Council Tax and Business Rates.

We have approved:

- a) the capital budget carried forward of £15.375 million for the General Fund is moved into 2017/18, offset by reductions in the 2017/18 programme to fund accelerated spending in 2016/17 and that service groupings regularly review capital profiles throughout 2017/18 reporting revisions to MOWG and Cabinet as necessary.

#### **4. Safeguarding Adults Board Annual Report 2016-17 Cabinet Portfolio Holder- Councillor Lucy Hovvells Contact – Lee Alexander 03000 268180**

We have considered a report of the Corporate Director of Adult and Health Services which presented the Safeguarding Adults Board (SAB) Annual Report 2016-2017. The report provided information on the current position of the County Durham Safeguarding Adults Board and outlined achievements during 2016/17 and plans for 2017/18.

In an initiative led by Durham Constabulary, the Safeguarding Adults Board will continue to explore and identify the prevalence of sexual exploitation for adults, developing the most appropriate pathways for early intervention and support of those adults. In its development session of March 2017 the Safeguarding Adults Board reflected upon its progress to date, and its direction of travel in relation to setting future priorities. A key focus of those discussions were prevention and early intervention. In the year ahead, the Safeguarding Adults Board have agreed to place focus upon financial abuse as part of its preventative work, as well as exploring adults who choose to live in risky situations.

A refreshed plan has been produced to cover the period of 2017 to 2020. Identified areas of focus are as follows:

- Prevention;
- Early Intervention;
- User/Carer Voice;
- Awareness Raising;

- Governance;
- Performance and Quality;
- Safeguarding Adult Reviews;
- Learning Lessons and Improvement

## **Decision**

We have:

- a) received the annual report and noted the achievements made in 2016/17;
- b) supported the planned work for 2017/18.

## **5. Health and Wellbeing Board Annual Report 2017/18 Cabinet Portfolio Holders- Councillors Lucy Hovvels and Olwyn Gunn Contact – Gordon Elliott- 03000 263605**

We have considered a joint report of the Corporate Director of Adult and Health Services, Corporate Director, Children and Young People's Services and the Director of Public Health which presented the Health and Wellbeing Board Annual Report 2016/17 for information.

The Annual Report outlined a number of achievements of the Health and Wellbeing Board over the past year and the report also outlined a number of initiatives that the Health and Wellbeing Board will continue to take forward during the coming year, including:

- a) Undertake a review of the priorities for the Health and Wellbeing Board based on the evidence in the Joint Strategic Needs Assessment (as part of the Integrated Needs Assessment) a 'one stop shop' for all strategic assessments to ensure a focus on improving the health and wellbeing of people in County Durham and reducing health inequalities.
- b) Discuss spending plans and arrangements for additional adult social care funding, known as the Improved Better Care Fund, to address the integration of health and social care and to alleviate pressures faced by the adult social care sector and NHS.
- c) Provide challenge on the Sustainability and Transformation Plans for County Durham to ensure that residents in County Durham will not be disadvantaged or experience any reductions in the availability of NHS services as a result of the Plans. Assurances will be sought in relation to ensuring that clear and specific funding arrangements are in place to support the STPs and that robust formal consultation arrangements and decision making processes are also in place.
- d) Agree a streamlined approach to the range of mental health and wellbeing strategies currently in place, through the development of focused plans on a page with key actions to ensure that resources are targeted to services which meet the needs of people in County Durham.

- e) As part of the statutory responsibilities of the Health and Wellbeing Board, agree the Pharmaceutical Needs Assessment which looks at the current provision of pharmacy services across County Durham, and whether there are any potential gaps to service delivery.

Further details of the Health and Wellbeing Board's future work were included in the Annual Report.

## **Decision**

We have received the Health and Wellbeing Board Annual Report 2016/17 for information.

## **6. Children and Young People's Services Annual Reports and Plans Cabinet Portfolio Holder- Councillor Olwyn Gunn Contact – Keith Foster- 03000 267396**

We have considered a report of the Corporate Director of Children and Young People's Services which presented an executive summary of the following Children and Young People's Services Annual Reports and Plans:

- The Youth Justice Plan 2017/19
- The Annual Report of Fostering Panels and the Fostering Service 2016/17
- The Durham Local Safeguarding Children Board Annual Report 2016/17

### The Youth Justice Plan 2017/19

Local Authorities have a statutory duty to submit an annual youth justice plan relating to the provision of youth justice services. The Youth Justice Plan 2017/19 highlights work done to date together with key achievements and outcomes for 2016/17. The national outcome measures for 2017/18 for County Durham Youth Offending Service continue to be:

- Reducing first time entrants
- Reducing re-offending
- Reducing the use of custody (both sentenced and remanded)
- Ensuring public protection / safeguarding by providing specialist interventions

### The Annual Report of Fostering Panels and the Fostering Service 2016/17

The National Minimum Standards for Fostering (2001) require that Fostering Agencies report the activity of the Fostering Service to their governing bodies. The Annual Report outlines the work of the fostering service during 2016/17 and outlined the future direction of the service to meet the needs of the increasing number of looked after children. The strategic priorities and key actions for the Fostering Service include:

- An independent Fostering Service review was completed in April 2017. A service response to this has been finalised which will result in a Service restructure which will allow greater focus and emphasis on effective identification of placements and matching of young people to placements when they first become Looked After. It will also enable the Fostering Service to be more closely aligned to children's social work teams to promote more effective early permanence planning.
- A Placement Efficiency Strategy is in place to ensure that there is senior management oversight and scrutiny of all children who become Looked After through a Placement Resource Panel.
- Foster carer recruitment remains a key priority with a strategic target of 250 new foster carer households having been set for 2017-18.
- The processes and procedures for children who require permanence via long term fostering have been reviewed and a new process will be implemented from July 2017. This will streamline the process and reduce the drift and delay in identifying appropriate permanent placements for children who require them.

#### Durham Local Safeguarding Children Board (LSCB) Annual Report 2016/17

Statutory Guidance from Working Together to Safeguard Children (2015) requires each Local Safeguarding Children Board (LSCB) to produce and publish an Annual Report evaluating the effectiveness of safeguarding in the local area. The LSCB Annual Report 2016/17 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 Durham LSCB has agreed the following priorities for 2017/18:

- Child Sexual Exploitation
- Neglect
- Empowering Young People
- Working Together.

#### **Decision**

We have:

- noted the content of this report;
- endorsed the Youth Justice Plan 2017/19 and forwarded it to full council for approval;
- received the Annual Report of Fostering Panels and the Fostering Service 2016/17; and
- endorsed the Durham LSCB Annual Report and the LSCB Young People's Annual Report.

**7. Durham County Council's Response to Housing White Paper Consultation**  
**Cabinet Portfolio Holders- Councillors Carl Marshall, and Kevin Shaw**  
**Contact – Mike Allum- 03000 261906**

We have considered a report of the Corporate Director for Regeneration and Local Services which presented Durham County Council's response to the Housing White Paper entitled 'Fixing our broken housing market'. It set out four steps to achieving the objective of boosting new housing supply to deliver 'between 225,000 and 275,000 homes every year':

- Planning for the right homes in the right places (principally by using local and neighbourhood plan policies);
- Building homes faster (linking infrastructure with housing development, more efficient planning process and addressing skills shortages. It also includes holding house builders to account in respect of delivery by increasing the powers of intervention by local authorities);
- Diversifying the housing market (focussing on increasing the numbers of small and medium-size builders, promoting more forms of tenure and encouraging 'modern methods of construction'); and
- Helping people (identifying a range of measures to help people get on to the housing market and providing a fairer system in the private rented sector).

Following consultation on the Issues and Options stage County Durham Plan in summer 2016, the intention was to develop a preferred options plan for consultation. This process was 'paused' as the government signalled the imminent release of the Housing White Paper and what was considered to be fundamental changes to the plan making process which included housing need and Green Belt. It is expected that this will lead to a revised National Planning Policy Framework towards the end of the year.

The consultation responses identified a series of recommendations that could assist the economic and housing growth in the area as well as improve opportunities for residents. The recent Queen's Speech made little mention of housing and there is no indication of when or if the proposals in the Housing White Paper may progress. Waiting for further detail before proceeding with the preparation of the Plan may therefore no longer be appropriate. Officers will review the position in the early autumn with a view to making recommendations to Cabinet on the way forward.

**Decision**

We have noted and endorsed the content of the Housing White Paper consultation response.

**8. Regeneration of Peterlee – Re-provision of Peterlee Library  
Cabinet Portfolio Holders- Councillors Joy Allen and Carl Marshall  
Contact – Su Lewis- 03000 262776**

We have considered a report of the Corporate Director of Regeneration and Local Services which provided details on the process for vacating the existing library site to allow for the disposal of the land and re-providing the service within Peterlee Leisure Centre.

Peterlee Library is currently located within a disused college building on a site forming a key gateway to Peterlee Town Centre. The surrounding site is owned by Tesco Supermarket plc, having been purchased four years ago, for the purpose of developing a new Tesco Superstore with parking. As part of the food-store redevelopment proposals, Durham County Council entered into an agreement with Tesco to sell the library on the condition that Tesco would build a new library adjacent to the food-store. The former college and existing library building would then have been demolished as part of the project.

In 2015, Tesco's board made the decision not to develop a number of sites nationally including the Peterlee College Site and decided instead to market the site. Initially, it was hoped that a buyer would agree to purchase the site with the library in-situ, after which Tesco would renegotiate with the Council with regard to the future of the library.

After several rounds of marketing, limited interest has come forward and Tesco's board believe that despite the Council's willingness to liaise with the sale process, the complication of a third party ownership within the site is causing a level of uncertainty and preventing progress. In March Tesco representatives suggested that the library remaining on the site was potentially a barrier to prospective buyers. To help progress the sale, Tesco propose to purchase the library in order to demolish and clear the site ready for sale. The Council negotiated with Tesco on the costs required to vacate the site. To progress negotiations towards the sale of the College site, Tesco's board approved £846,000 in May this year to cover purchase of the land and provide appropriate compensation, the sum of which will cover the relocation of the library service.

The forecast of cost of the redevelopment at the leisure centre, including the library is £1.786 million. The capital funding for the scheme was set out in the report. In order for the scheme to progress without delay, the report sought approval of an increase in the £750,000 capital budget.

Residents, AAP, service users and staff will be kept informed of progress and operational changes to ensure residents have a chance to shape the way services are provided.

## **Decision**

We have:

- a) Agreed to progress the project to relocate the library and facilitate the redevelopment of the former college site.
- b) Authorised the Corporate Director of Regeneration and Local Services to vary the original agreement with Tesco for the release of Tesco's obligation to build a new library in return for a financial contribution of £846,000 towards the Council's costs of relocation.
- c) Agreed the re-provision of library services within Peterlee Leisure Centre.
- d) Agreed to the increase in the capital budget to £1.786 million, financed from the current capital programme and from the Tesco contribution.
- e) Noted the transition implications associated with the library move which will include temporary library arrangements for a period of up to 9 months.

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

12 September 2017