1 November 2017

Report from the Cabinet

Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 13 September and 18 October 2017 to enable Members to ask related questions.

Members are asked to table any questions on items in this report by 2 pm on 31 October 2017 in order for them to be displayed on the screens in the Council Chamber.

Contents

13 September 2017

18 October 2017

1. Sugar Smart Programme
Cabinet Portfolio Holder– Councillor Lucy Hovvels
Contact – Karen McCabe 03000 267672

We have considered a report of the Corporate Director of Adult and Health Services which provided an update on the Sugar Smart programme in preparation for a countywide launch.

County Durham is part of Public Health England's (PHE) three year programme into obesity systems, delivered by Leeds Beckett University and it is developing a whole range of approaches to systematically tackle obesity.

Nationally, sugar intakes of all population groups are above recommended levels. Consumption of sugar and sugar sweetened drinks is particularly high in school age children and sugar consumption tends to be highest among the most disadvantaged. Sugar Smart UK is a campaign from Sustain and the Jamie Oliver Food Foundation to help local areas across the UK to tackle excessive sugar consumption.

Durham Community Action (DCA) supported by Durham County Council's (DCC) public health team are leading a consortium of statutory and voluntary services to deliver this national campaign across County Durham with partners including; County Durham and Darlington NHS Foundation Trust (CDDFT), Taylor Shaw, Wellbeing for Life and DCC departments such as Culture and Sport, Facilities/Catering, Procurement and Environmental Health. The project will report into the County Durham Healthy Weight Alliance and Food Durham.

The Sugar Smart campaign recommends specific actions to reduce sugar intake and the programme was launched on 10 July. Proposed partner activities include:

- County Durham and Darlington NHS Foundation Trust will implement a health procurement policy, removing sugary food from the point of sales;
- Wellbeing for Life will reduce the sugar content at cookery classes;
- Taylor Shaw will aim to reduce the sugar content of their menus.

Sugar Smarts will be underpinned by a communications campaign which was detailed at Appendix 2 of the report and the programme will be reviewed quarterly to assess its uptake, the impact upon communities, and, its contribution toward the associated Durham County Council programmes.

Decision

We have:

a) noted the contents of this report;
b) agreed to receive updates on the progress to retain oversight of developments as appropriate.

2. Forecast of Revenue and Capital Outturn 2017/18 - Period to 30 June 2017
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 Cabinet with:

- the forecast revenue and capital outturn for 2017/18,
- the forecast for the Council's Council Tax and Business Rates Collection Fund position at 31 March 2018,
- the use of earmarked, cash limit and general reserves.

The report sought approval of the budget adjustments and proposed sums outside of the cash limit.

In accordance with the Council's Constitution, Council agreed the Council's Medium Term Financial Plan, which incorporates the revenue and capital budgets for 2017/18, on 22 February 2017. The Constitution also states that the Chief Finance Officer must report to Cabinet on the overall Council budget monitoring position on a quarterly basis.
This is the first quarter's report which provides the initial indication of the revenue and capital outturn for 2017/18 based upon expenditure and income up to 30 June 2017.

The following adjustments have been made to the original budget agreed by Council on 22 February 2017:

a) agreed budget transfers between Service Groupings;
b) additions to budget for items outside the cash limit;
c) planned use of or contribution to Earmarked Reserves.

The reasons for the major variances against the revised budgets were detailed in the report, by each service grouping.

Capital

On 12 July 2017 Cabinet received a report which provided details of the final outturn position of the 2016/17 Capital Programme. This included details of budgets of £15.375 million that were reprofiled from 2016/17 to 2017/18. Adding these to the new 2017/18 capital allocations approved by Council on 22 February 2017 and the existing 2017/18 budget gives the original budget for 2017/18 that is shown in the table at paragraph 56 on the report.

The Council's Member Officer Working Group (MOWG) that closely monitors the capital programme has since considered further revisions to the capital programme, 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 table at paragraph 56 of the report summarised the latest capital budget alongside the original budget. The table also showed the forecast outturn for each service and the actual capital spend as at 30 June 2017.

Since the original budget 2017/18 budget was agreed by the MOWG has considered a number of variations to the capital programme which are a result of the additions and reductions in resources received by the Council. The variations of note were detailed in the report.

Council Tax and Business Rates Collection Funds

The collection rate at 30 June 2017 was above the profiled target of 29.01%, and is an improvement of 0.03 percentage points over the same position in 2016/17. This sustained and improved performance has been achieved through automation of the recovery schedule, targeting of non-payers, e-enablement of processes and availability of a wide range of payment methods.

At 30 June 2017, the estimated outturn for the Council Tax Collection Fund is a surplus of £5.323 million which takes into account the undeclared surplus as at 31 March 2017. Durham County Council's share of this forecasted surplus is £4.492 million, which could be available to support the 2018/19 budget. The forecasts will be updated in October / November to inform the declaration of a Collection Fund surplus for final budget planning 2018/19.

At 15 January 2018 an estimated year end position on the Council Tax Collection Fund for 2017/18 will be declared and taken into account in the budget setting process for 2018/19. Any difference between this and the actual surplus at 31 March 2018 will be carried forward to 15 January 2019 and will be taken into account in estimating the surplus/deficit for 2018/19, which will need to be taken into account for 2019/20 budget setting.

Business Rates

2013/14 was the first year of the new Business Rates Retention Scheme whereby the Council has a vested budget interest and stake in the level of business rate yield, as income generated from Business Rates is now shared between Central Government (50%), Durham County Council (49%) and County Durham and Darlington Fire and Rescue Authority (1%). Therefore, it is not only the accuracy and timeliness of bills levied and collected that is monitored and audited, but the level of income anticipated for the year is important and new monitoring procedures have been devised for this purpose.

In 2017/18, following consultation, the Government implemented the first revaluation of Business Rates since April 2010. The revaluation of the rateable values of all Business Properties was undertaken by the Valuation Office Agency, part of HM Revenues and Customs, and, along with national changes to Multipliers, Relief Thresholds and Transitional Arrangements came into effect from April 2017. The overall effect of the revaluation on the Collection Fund saw a decrease of an estimated £9.3 million in rates yield / liability when compared to 2016/17. The revaluation should be cost neutral to

Durham County Council and County Durham and Darlington Fire and Rescue Authority, therefore compensation arrangements are to be made through adjustments to Section 31 grants and Top Ups for their shares of losses of income.

At 30 June 2017, the estimated outturn for the Collection Fund Business Rates is a surplus of £4.639 million, arrived at as shown in table at paragraph 75 of the report.

The in-year estimated surplus of £2.629 million and the total undeclared surplus brought forward from 2016/17, leaves an estimated surplus of £4.639 million at 31 March 2018. Any surpluses or deficits at 31 March in any year are shared proportionately between Durham County Council, Central Government and County Durham and Darlington Fire and Rescue, Durham County Council's share being 49%. Durham County Council's share of the estimated year end surplus will therefore be £2.273 million.

Section 31 Grant - Small Business Rate Relief

Small Business Ratepayers with properties with rateable values under £15,000 will now benefit from relief on their rates payable. The Government has awarded local authorities a special 'Section 31' grant to cover their share of the shortfall in business rates that these small business ratepayers would have paid had the relief scheme not been in place.

Small Business Ratepayers with properties with rateable values up to £12,000 are now being granted full relief, and properties with rateable values between £12,000 and £15,000 have a tapered relief applied to them ranging from 100% down to 0%. The Government have indicated Durham County Council will be refunded for any retained rates foregone due to change of the threshold arrangements following the 2017/18 NNDR Revaluation, and this has been built into the forecast.

Decision

We have:

a) noted the Council's overall financial position for 2017/18;
b) agreed the proposed 'sums outside the cash limit' for approval;
c) agreed the revenue and capital budget adjustments;
d) noted the forecast use of Earmarked Reserves;
e) noted the forecast end of year position for the Cash Limit and General Reserves;
f) noted the position on the Capital Programme and the Collection Funds in respect of Council Tax and Business Rates.

3. Drug and Alcohol Recovery Service Model
Cabinet Portfolio Holder– Councillor Lucy Hovvels
Contact – Amanda Healy 03000 266897

We have considered a report of the Director of Public Health which presented Cabinet with an overview of the proposed new model for the Drug and Alcohol Recovery Service, including the rationale for change, the proposed new model and details of the consultation process.

Local Authorities have the duty to reduce health inequalities and improve health of their local population by the provision of public health services aimed at reducing drug and alcohol misuse.

In 2014/2015 a review of drug and alcohol services was undertaken to transition a model of twenty three providers to an integrated service. In April 2015 Lifeline, with a subcontract arrangement with Tees, Esk and Wear Valley NHS Foundation Trust were awarded the contract. In June 2017, Lifeline went into administration and the drug and alcohol contract was novated to a national charity called Change, Grow, Live (CGL). CGL are now the interim provider of services until the new contract is formally procured.

The current Integrated Drug and Alcohol Service in County Durham delivers a range of psycho-social interventions, clinical prescribing and recovery support. There are also 80 pharmacies undertaking supervised consumption of methadone and six providing needle exchange managed by CGL. Services are delivered through six Recovery Centres,

This model brought many positives to the treatment journey. However, there remained challenges in relation to treatment outcomes for service users. It was also identified that there was fragmentation in some of the treatment pathways and that services could be more family focussed in particular.

A re-tender exercise was due to commence in June 2016 to procure a revised treatment service with a start date of 1st April 2017. However due to the above it was recognised that a more comprehensive review and consultation was required to shape a future model. This was also timely given changes to the Public Health Grant, which resulted in a prioritisation exercise due to grant reductions, details of which were set out in the report.

There are several risks in relation to the Drug and Alcohol Service. Lifeline have recently transferred its rights and obligations under the current contract to CGL. In addition, due to the change in tender timeline the existing service is operating under a contract extension. There is some instability within the existing arrangement.

A service review was undertaken in July 2016 to inform a future service model. This was overseen by the Drug and Alcohol Procurement Board. The review resulted in a proposed service model and draft specification. The model remains a recovery-based model with a range of prevention, harm minimisation, psychosocial, clinical and recovery support. A comprehensive

consultation was carried out between July 2016 and February 2017. Appendix 2 of the report provided details of the consultation carried out.

Feedback from the consultation helped to inform the revised model and a new specification for the service. Key elements have been included in the revised model. The proposed new model will be transitioned into a community outreach model in order to retain and maximise front line service provision. Services will be based in three Recovery Centres with extensive outreach provision to extend accessibility into more local communities. The new model will enable improvement of a number of key pathways in the current specification. Savings will be accrued from a reduction in rent, rates, utilities and other associated running costs of buildings.

The timeline for the procurement of the new drug and alcohol service is 14 September 2017 for the tender publication with a service commencement date of 1 February 2018. A detailed mobilisation plan will be developed and worked through with the successful provider which will be overseen by the Drug and Alcohol Procurement Board.

Decision

We have:

a) noted the consultation which has taken place to inform the final design of the service model;
b) approved the proposals for the revised Drug and Alcohol Recovery Service model as outlined in the report;
c) approved the procurement of the new service for a 1st February 2018 start date;
d) noted the approach taken to service mobilisation.

4. Locomotion
Cabinet Portfolio Holder– Councillor Ossie Johnson
Contact – Nigel Dodds 03000 264599

We have considered a report of the Corporate Director of Regeneration and Local Services which sought approval to enter into new management arrangements at Locomotion. The report sought approval to transfer operational responsibility for the site into a single management structure under The Science Museum Group's (SMG) control; whilst retaining the strategic partnership between SMG and Durham County Council (DCC).

Locomotion, the National Railway Museum at Shildon, opened in 2004 and has operated under a joint management arrangement between DCC, formerly Sedgefield Borough Council, and SMG for the thirteen years it has been operating. Both DCC and SMG are committed to the long-term development of the museum which has exceeded all of its initial expectations.

In November 2016 a review report was presented to the Locomotion Management Board. The report provided an overview of the current

management structures and governance processes that are in place as well as setting out the recommended next steps to achieve an improved offer for both the management and future expansion of the museum.

Negotiations with the Council have been ongoing since that time in relation to the future management arrangement for Locomotion. Those negotiations have now reached the stage of an 'in principle' agreement. Both parties require approval through their respective governance procedures prior to the final agreement being put in place.

Both parties require approval through their respective governance procedures prior to the final agreement being put in place. The report provide a detailed analysis of the 'in princicple' including the management of staff and assets, financial issues and governance arrangements.

The Council remains committed to the future development of Locomotion as a key venue in its cultural offer and recognises its role in the local community, county and region as well as its national significance as a railway museum. Whilst the museum currently attracts circa. 200,000 visitors per annum, it is hoped by approving these changes that this can grow significantly over the next phase of the museum's development.

Decision

We have approved that:

a) The Corporate Director of Regeneration and Local Services and the Corporate Director of Resources be delegated to progress the transfer in consultation with the Portfolio Holder for Tourism, Culture, Leisure and Rural Issues and the Portfolio Holder for Strategic Housing and Assets.

b) The Science Museum's Group be offered a lease of the site for a period of 112 years at a peppercorn rent which is to be formally progressed through the due process.

5. Quarter 1 2017/18 Performance Management Report
Leader of the Council- Councillor Simon Henig
Contact – Jenny Haworth 03000 268071

We have considered a report of the Director of Transformation and Partnerships which presented progress against the council's corporate performance framework by Altogether priority theme for the first quarter of the 2017/18 financial year.

Despite the ongoing effects of austerity, the Council continues to improve or maintain performance in many key areas. The employment rate has improved and is now at its highest level since 2007/08, which is better than the regional rate for the first time since 2014/15, but remains below the national figure. For the past two years, the number of 18 to 24 year olds claiming out of work

benefits has fluctuated around its lowest level since 2014/15. Apprenticeship starts for 16 to 17 year olds and those sustained for 15 months or more from Durham County Council schemes, have increased since last year. In relation to Adult social care support, the reablement and rehabilitation service is improving with a higher percentage of older people still at home three months after discharge from hospital. First time entrants to the youth justice system remain low with fewer reported incidents of anti-social behaviour. Street and environmental cleanliness is good.

In other areas there are increasing needs or demands and some performance challenges. The number of looked after children has been steadily rising since 2008 and is significantly higher than national levels with the number of looked after children residential placements with independent providers increasing considerably from last year. Increases are also evident in the number of children with a child protection plan and the number of children in need referrals. Challenges are ongoing in relation to the health of the county with life expectancy and healthy life expectancy, the mortality rate for deaths related to drug misuse, and breastfeeding prevalence all worse than national levels. Crime levels show a significant increase, mainly due to changes in recording practice, but there is evidence of real increases in some crime categories. Fly-tipping incidents have seen a 3% reduction this quarter. Ongoing improvement issues continue in relation to the rate of employee appraisals and although sickness levels have improved, they remain a priority.

Decision

We have:-

a) considered and commented on the council's performance at quarter one;

b) agreed the changes to the Council Plan outlined below:

Altogether Wealthier

i) Agreeing a proposal for North Road has been further delayed while work for securing an external development partner and establishing the financial viability is carried out. The revised date is to be confirmed.

ii) The deadline to deliver the Chapter Homes business plan has been revised from December 2018 to October 2019 as the Council has not yet agreed to the transfer of land so the deadline now reflects the expected site completion date.

iii) Work to improve access to Durham Rail station is ongoing on the western path and the deadline has been delayed from June 2017 until August 2017.

iv) Developing and finalising a full business case for Horden Rail Station has been delayed from December 2017 to October 2018

while awaiting detailed design work with Network Rail for planning permission.

Altogether Safer

v) Expanding enforcement powers around anti-social behaviour by increasing the number of Public Space Protection Orders (PSPOs), designed to reduce anti-social behaviour in public spaces, is delayed from April 2017 to October 2017. A new countywide PSPO was introduced for dog fouling in June and more PSPOs are being considered going forward.

vi) Work with partners to evaluate the effectiveness of the Multi-Agency Intervention Service to ensure the current approach is meeting its desired outcomes has been delayed from July 2017 until July 2018. An August start date is anticipated with evaluation built into this project.

Altogether Greener

vii) The review to harmonise current operational practices relating to the collection of clinical waste is delayed from September 2017 to March 2018. Stage 1 in the north will roll out in September 2017 but as this is a complex issue further consultation and operational changes are required.

viii) The Commissioning of a leachate treatment system at Coxhoe East landfill site has been delayed from August 2017 to November 2017. The service is currently preparing this project for tender.

ix) A strategic review of street sweepings and food waste to improve the customer experience, reduce costs and generate revenue (including waste operations and contracts) has been delayed from August 2017 to March 2018. The street sweeping element is almost complete. The food waste element is part of the government funded Waste Collection Methodology Project which is about to commence.

x) The fleet restructure to realign operational practices to meet service delivery demands (due June 2017) and a review of the location of fleet vehicles (due September 2017), have both been delayed until March 2018. Consultations have commenced with staff and trade unions. Review of location of fleet vehicles will commence once the fleet restructure is finalised.

xi) The review of operational practices around allotments to harmonise standards and embed enforcement has been delayed from January 2018 to July 2018. Enforcement activity has increased regarding basics such as non-cultivation. Wider enforcement is dependent on a review of standard rules to be considered.

xii) The review of the Allotment Policy to increase community ownership and involvement in the management of allotments has been delayed from April 2017 to July 2018. It is anticipated that the Policy will be considered by Scrutiny in the autumn, followed by consultation and implementation.

xiii) Completion of capping activities at Joint Stocks Landfill site to standards set by the Environment Agency due June 2018 has been delayed until November 2019. The ability to cap is proportionate to the volume of soil able to be secured. Phase 1: Part 1 aims for completion by November 2018 and Part 2 by November 2019.

Altogether Better Council

xiv) The review of public conveniences to ascertain the distribution and standard of provision to inform future countywide proposals by May 2017 is behind target with a revised completion date of September 2017. Scoping work has been completed and further work is being considered.

xv) The review of the Customer First Strategy is under further consideration in light of the Head of Service restructure which has led to the establishment of the new Digital and Customer Services function. It has been proposed that a combined Digital and Customer Service Strategy is developed; to be confirmed once some initial baselining work has been completed.

6. Medium Term Financial Plan (8), Council Plan, Service Plans 2018/19-2021/22 [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, the Medium Term Financial Plan (MTFP(8)) and Council Plan / Service Plans 2018/19 to 2021/22.

The Chancellor of the Exchequer's 8 March 2017 Budget reported a deterioration in the public finances. It is forecast that the national deficit in 2017/18 could be higher than in 2016/17. The government has announced that the Autumn Statement will be published on 22 November 2017 and it is expected that it will confirm that the national finances will not achieve a surplus until at least the mid 2020's. There is also significant uncertainty over the impact of Brexit and the impact on local government.

The former coalition government were working towards the introduction of 100% Business Rate Retention for local government with a forecast implementation date of 2019/20. The required legislation for this policy was not included in the 2017 Queens Speech. It is not clear at this stage if this policy will be implemented. The government has confirmed that the Fair

Funding review which was an element of the 100% Business Rate Review process will continue. The output from the Fair Funding Review could result in significant impact upon the resources available to individual Councils depending on Governments approach to allocating funding by formula.

The government has also announced a review into Social Care funding. It is expected that this review could influence the Better Care Fund, the Adult Social Care precept and the Public Health Grant. Any reduction in these income streams would have a significant impact on the Councils resources.

All of these uncertainties considered alongside the possible impact of new policies from the government generate significant complications and areas of uncertainty in developing plans for MTFP(8). Through prudent planning the council has a reserve position to assist in supporting the budget during this significant period of uncertainty.

The MTFP(8) model has been updated assuming no further government funding reductions beyond 2019/20. There is a risk that these assumptions will not prove to be correct however a based on this position, savings required over the period are forecast to be £37 million.

The achievement of an additional £37 million of savings over the next four years will be extremely challenging. 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. By the end of this financial year, the Council will have made savings of £209 million and achieving further savings in managerial and back office efficiencies is extremely difficult. At this stage, the total savings required to balance the 2018/19 budget amount of £15.3 million. Savings plans of £14.8 million were detailed in the report. It is currently forecast that £0.5 million of the Budget Support Reserve(BSR) will be utilised to balance the 2018/19 budget.

The savings, which were detailed within the report will be considered as part of the MTFP(8) budget consultation process which will focus on the Area Action Partnerships (AAPs).

Decision

We have:

a) noted the £14.8 million of 2018/19 savings identified at this stage for consultation;

b) noted that at this stage it is forecast that £0.5 million of the Budget Support Reserve would be required to be utilised to balance the 2018/19 budget;

c) noted the savings recommended in Appendix 2 of the report also realise savings of £2.445million and £1.383million in 2019/20 and 2020/21 respectively;

d) noted the requirement to identify total savings of £37.4 million for the period 2018/19 to 2021/22;

e) noted the forecast MTFP(8) savings shortfall of £18.8 million;

f) agreed the approach to preparing the Council Plan and Service Plan;

g) agreed the approach outlined for consultation;

h) noted the initial equality analysis in this report and in individual Equality Impact Assessments in the Members' Library and also agree the proposals to build equalities considerations into decision making.

7. Transformation Programme
Cabinet Portfolio Holder– Councillor Joy Allen
Contact – Andy Palmer 03000 268561

We have considered a report of the Director of Transformation and Partnerships which informed Cabinet of progress in the Council's Transformation Programme, since the last Cabinet report in December 2016. The report also set out the main elements of the programme for the next three years.

Cabinet received a report in December 2016 setting out the initial approach to the Council's Transformation Programme. The report highlighted that Durham County Council has been on a continual programme of change since its inception as a Unitary Council in 2009 with notable success in forming the Council and providing good quality public services. This has been achieved whilst simultaneously dealing with significant budget reductions escalating to over £209m pa, and reductions in staffing levels of over 2500 FTE posts.

The report set out the four outcomes of the programme:

- Redesign services to better meet customers' needs at reduced cost to the Council.
- Help communities become more self-reliant and resilient
- Move partnership working from good to great
- Become renowned for a skilled and flexible workforce and employee engagement.

The report further highlighted that whilst a number of transformational initiatives, such as the Inspire Programme, were already in existence, further work was required to increase productivity and maintain the best possible outcomes for the people of the county in the face of continuing austerity. This would include a renewed focus on the digitisation of process with associated investment in ICT and staff training, partnership working and a series of service reviews. The report also highlighted that a deep dive exercise was being commissioned to carry out an analysis of the Council's working practices, procurement activity and business models in order to highlight

further areas where savings and improvements could be made. The report provided details of the progress to date.

PWC Consulting were commissioned at the end of last year to carry out a deep dive exercise into the Council's processes. High level findings were presented to Council managers in the summer and these findings were detailed in the report. The Council reshaped its Transformation Programme to take account of PWC findings and integrated a number of new projects into the portfolio. The programme is a significant undertaking of change and it is organised through four main interlocking initiatives which are:

- The Inspire Programme
- Digital Workforce
- Digital Customer
- Service Transformations and Commercialisation

The Programme will work in a systematic way over the next three years integrating projects into a single portfolio of programmes and projects to transform the way the Council operates and to support the resilience of service provision during continued austerity.

Decision

We have:

a) Noted the contents of the report and endorsed the approach taken to transform the Council over the medium term.

b) Recommended to continue their engagement in the programme through the Transformation Board in order to provide governance for the programme and shape future high quality services.

8. Improved Better Care Fund (iBCF) – Update and MTFP Considerations
Cabinet Portfolio Holders– Councillors Alan Napier, and Lucy Hovvels
Contact – Lee Alexander 03000 268180

We have considered a joint report of the Corporate Director of Adult and Health Services and the Corporate Director of Resources which provided Cabinet with an update in respect of the Improved Better Care Fund (iBCF) allocations and proposed expenditure plans, as agreed with local Clinical Commissioning Groups (CCG's) and the impact on the Councils Medium Term Financial Planning.

The Better Care Fund (BCF) brings together ring-fenced budgets Clinical Commissioning Groups (CCG's) allocations, the Councils Disabled Facilities Grant (DFG) capital allocations and funding paid direct to the Council for adult social care services. The BCF pooled budget totals £45.7 million for 2017/18, the majority of which is funded from CCG revenue contributions. The BCF is

accounted for through the Council's accounts. In the current year, the BCF allocations have been augmented with additional resources – the Improved Better Care Fund (iBCF) – initially announced in the autumn statement last year and augmented in the March budget. The iBCF allocations are additional monies payable to Councils to support the adult social care budget.

The iBCF consists of two elements – a planned allocation included in the Local Government Finance Settlement 2017/18 (£2.378 million), and additional funding for adult social care announced at Budget 2017 (£13.112 million) for 2017/18. Future year allocations for the iBCF have also been published, and projected income streams were set out in the report.

The initial planned iBCF amounts, which increase to c£23 million by 2019/20, have already been built into the MTFP to support adult social care-related activity. The additional monies announced at Spring Budget 2017 offer further opportunities to utilise funds to support social care and health priorities, and defer future savings pressures.

Whilst the additional iBCF allocations were announced in March, the grant conditions were not received until 24 April, 2017 and the detailed BCF planning guidance was not received until July 2017. Due to the late notification of these additional funds, received after the Council and the local CCG's had set their 2017/18 budgets, and the delay in receiving the planning guidance, plans have only recently been finalised. This has required detailed discussions with local CCGs.

In terms of the 2017/18 iBCF additional funding allocations, the report outlined investments which will support overall health and social care priorities across County Durham. In terms of the additional allocations for 2018/19 (c£8m) and 2019/20 (c£4m), these amounts have been built into MTFP (8) and will be utilised to delay adult care-related MTFP savings.

Decision

We have:

a) Noted and agreed the proposed spending plans for the 2017/18 additional iBCF allocation, as agreed with the CCG's.

b) Provided delegated authority to the Corporate Director of Adult and Health Services and Corporate Director of Resources in consultation with relevant Portfolio Holders and NHS/CCG colleagues to implement iBCF spending plans.

c) Noted and agreed the use of 2018/19 and 2019/20 additional iBCF allocations to support the MTFP by deferring adult care-related savings pressures.

9. Proposal for Changes to the Charging Policy for Non-Residential Social Care Services
Cabinet Portfolio Holders– Councillors Alan Napier, and Lucy Hovvels
Contact – Lee Alexander 03000 268180

We have considered a joint report of the Corporate Director of Adult and Health Services and the Corporate Director of Resources which outlined proposed changes to the Non-Residential Charging policy for individuals who receive social care services and are assessed to determine their financial contribution towards their care costs. This would bring the DCC charging policy into line with the Department of Health's national guidance.

The Council's Non-Residential charging policy was reviewed in 2011 and again in 2013 and 2016 when the following changes were implemented:

a) charges for day care services were introduced in 2011/12;
b) service users with savings over £23,250 were required to meet the full cost of their non-residential care services from November 2013;
c) the automatic disregarding of 50% of the weekly severe disability premium (SDP) in non-residential financial assessments for all new service users seeking to receive non-residential social care services was ended with effect from 1 October, 2016 and instead individual assessments of Disability Related Expenditure were introduced, in line all other non SDP service users.

The combined impact of these changes resulted in savings of £1.7 million being delivered across the period 2011/12 and 2013/14 and further estimated £1 million of savings from the changes to SDP disregards as part of the Council's MTFP across the period 2016/17 to 2019/20.

Proposed Changes to Non Residential Charging Policy

Following a further review of the remaining discretionary elements of the Councils Non-Residential Care charging policy, potential changes to the treatment of service users in receipt of non-residential services have been identified in the use of the Minimum Income Guarantee (MIG).

When the Care Act 2014 came into force on 1 April 2015, the Department of Health prescribed the minimum amount of income a person must be left with after charging for care and support. Councils can allow people to keep more income if they wish. This is referred to as the Minimum Income Guarantee (MIG). The MIG allowances can be found in the Care and Support (Charging and Assessment of Resources) 2014 regulations.

The Care and Support Statutory Guidance provides that 'There are differences in how income is treated in a care home and in all other settings. Charging a person in a care home is provided for in a consistent national framework. When charging a person in all other settings, a local authority has more discretion to enable it to take account of local practices and innovations.' (Care Act Statutory Guidance, Annex C, par 2).

Durham County Council currently use the Minimum Income Guarantee +25% as a mechanism by which service users can be left with a basic income plus a 25% buffer. The concept of MIG +25% was originally devised by Torbay Council and at the time recommended as best practise by the Department of Health. The Department of Health has issued a circular [LAC (DH) (2017) 1], which states that the MIG allowances for 2017/18 will remain frozen to the rates first set in 2015/16.

This puts Durham in a position where it is currently applying allowances higher than those defined in DH guidance, which applies a buffer equivalent to MIG + 18.6%. This results in service users in County Durham contributing less towards their care than if the allowances set out in the Department of Health's circular were applied. A comparison of the MIG thresholds set out in the DH guidance compared to the policy that currently exists in Durham was set out in the report.

Impact of Potential Policy Change – Movement to DH Guidance

There are 6,372 service users receiving non-residential care services. Of these 4,875 (76.5%) make a financial contribution towards their care costs based on a means tested financial assessment in line with national guidance and the DCC policy framework. 1,497 (23%) of all service users currently are on zero charge because they are already on minimum income i.e. no chargeable income.

1,975 (31%) of all service users, 41% of those who make a financial contribution towards the cost of their care, currently pay for the full cost of their non-residential care services. The level of care being delivered to them is dependent on the assessed level of care needs, some will pay more if the level of their care increases.

The amount a service user pays is dependent on the level of care they receive and their financial circumstances. Two different service users, each assessed as being able to pay a maximum charge of £30 may contribute entirely different amounts on a weekly basis e.g. one may only receive 1 hr of service so pays the full cost of that 1 hr service i.e. £14.00, whereas the other may receive 60 hours of service and pay the £30 maximum contribution.

The effect of adopting a MIG allowance in line with DH LAC (2017) 1 as a disregard is best illustrated by case studies, which shows the maximum charge which could be paid currently and if the revised policy criteria was adopted. The greatest effect will be on the charges to Older People as a result of the fact that this group that have received the greatest uprating increases in benefit income compared to those people of working age over recent years. Examples were attached at Appendix 2 of the report.

The Welfare Reform Act 2012 provided for the introduction of 'Universal Credit'. Universal Credit (UC) is administered by the Department for Work and Pensions (DWP), who are responsible for leading the roll out of this project and ensuring that appropriate support frameworks are in place for claimants. The impact of the roll out of Universal Credit on service users will be carefully monitored in preparation for the start of the managed migration in 2019 and

the effect on the Council's charging income further evaluated at that stage. In line with general charging principles there is the potential to consider the waiving of charges in exceptional circumstances due to severe hardship or if care management /social work staff consider a person to be at risk.

The report proposed that the Council seeks the views of key stakeholders and the wider public, including relevant disability charities and Community and Voluntary Sector groups. A 12 week consultation period would take place and a further report would be submitted to Cabinet on 14 March 2018 to enable members to make a final decision on these proposals, taking into account the outcome of the consultation. Any policy changes would be implemented 1 April 2018 for new service users.

The MTFP(8) savings proposals put forward by AHS, include an additional £0.8million of income (AHS3.2) from a further review of the discretionary elements of the Non Residential Charging Policy. Based on a strategy of applying the changes to new service recipient, it is reasonable to assume MTFP savings of c£267,000 per annum across the period 2018/19 to 2020/21 can be achieved. The savings therefore would be as follows:

Year	**Savings: MIG Changes Applied to New Service Users Only [AHS3.2]**
2018/19	266,667
2019/20	266,667
2020/21	266,666
	800,000

Decision

We have noted the content of the report and supported the following recommendations:

a) that the consultation is undertaken on proposals to change the MIG+25% disregard and replace this with the disregards as set out in the DH guidance with this policy change applying to new service users only. This will generate c£800,000 of MTFP savings across a three year period;

b) that a 12 week period of public consultation on these proposals is undertaken, with a further report on the outcome of this consultation to be considered by Cabinet in March 2018.

10. Transport for the North – Incorporation as a Sub-National Transport Body
Cabinet Portfolio Holder– Councillor Carl Mashall
Contact – Adrain White 03000 267466

We have considered a report of the Corporate Director of Regeneration and Local Services which requested Cabinet's consent to the making of Regulations by the Secretary of State to establish Transport for the North (TfN) as a Sub–National Transport Body under section 102J of the Local Transport Act 2008.

The consent of each Highway Authority within the area of each Combined Authority, which is a Constituent Authority of TfN, is required to the making of Regulations by the Secretary of State because the Regulations contain provisions giving TfN highway powers to be exercised concurrently with the Local Highway Authorities.

To address concerns about transport connectivity across the North, Local Transport Authorities and Local Enterprise Partnerships from the North of England came together in 2014 in partnership with the Department for Transport and the National Transport Agencies to form Transport for the North (TfN). TfN have developed a pan-northern transport strategy to drive economic growth in the North. The ambition of TfN is to achieve significant devolution of transport responsibilities for the North of England.

In October 2016, with the agreement of constituent authorities, TfN submitted a proposal to the Secretary of State for Transport that TfN should be established as the first sub-national transport body (STB) under the provisions of section 102E of the Local Transport Act 2008 as amended by the Cities and Local Government Devolution Act 2016. The proposal submitted by the TfN requested various powers and functions which were detailed in the report.

The Secretary of State has now formally responded to the Proposal and has indicated that he is minded to make Regulations creating TfN as the first Sub-National Transport Body with the following functions:

a) The preparation of a Northern Transport Strategy
b) The provision of advice on the North's priorities, as a Statutory Partner in the Department's investment processes;
c) The coordination of regional transport activities, (such as smart ticketing), and the co-management of the TransPennine Express and Northern rail franchises through the acquisition of Rail North Ltd.

Regulations have now been drafted to create TfN as a Sub-National Transport Body, which once passed will confer on TfN the majority of the functions and powers requested in the proposal. The proposal includes a number of Highway Authority powers. These powers relate to land acquisition for highways, the ability to enter into agreements to carry out certain highway works and the powers to construct new highways. This would allow TfN to

play a coordination and commissioning role for strategic road schemes that span multiple administrative boundaries.

The highway powers were detailed in Appendix 3 of the report. It is intended that before TfN exercises any transport powers or functions it holds concurrently with any of the Constituent Authorities or Highways Authorities within the TfN area, TfN will enter into a written Protocol with the Constituent Authorities or the local Highway Authorities covering the way in which the functions will be exercised.

Before the Secretary of State can make the Regulations he must obtain consent from each of the nineteen Constituent Authorities. It is also necessary to gain consent to the granting of concurrent highway powers from each of the Highway Authorities within TfN's area. It is anticipated that the Secretary of State will send a letter to each of these Highway Authorities requesting formal consent to the making of the Regulations. It is understood that the letter will request a response before the end of October 2017.

The North East Combined Authority (NECA) has already given its consent to the making of the Regulations. However, as NECA are not a Highway Authority it is necessary for each individual Highway Authority within the NECA area to give their consent to the granting of highway powers within the Regulations.

Decision

We have formally consented under section 102J of the Local Transport Act 2008 to the making by the Secretary of State of Regulations to establish Transport for the North as a Sub-National Transport Body and giving TfN concurrent highway powers.

Councillor S Henig
Leader of the County Council

24 October 2017