

6 December 2017

Report from the Cabinet



Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 15 November 2017 to enable Members to ask related questions.

Members are asked to table any questions on items in this report by 2 pm on 5 December 2017 in order for them to be displayed on the screens in the Council Chamber.

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1. Council Tax Base 2018/19 and Forecast Surplus on the Council Tax Collection Fund as 31 March 2017
[Key Decision: CORP/R/127/03]
Deputy Leader of the Council– Councillor Alan Napier
Contact – Paul Darby 03000 261930

We have considered a report of the Corporate Director of Resources which determined the Council’s Tax Base for all domestic properties liable to pay council tax and reported on the estimated collection fund surplus as at 31 March 2018.

On 12 July 2017, Cabinet resolved to recommend to Council continuation of the current Local Council Tax Reduction Scheme (LCTRS) into 2017/18. On 1 November 2017, the Council approved the continuation of the current Local Council Tax Reduction Scheme into 2018/19, 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 for one year and the Scheme will be kept under continuous review with a further decision to be considered by Cabinet in the summer of 2018 and Full Council by January 2019 with regards to proposals for 2019/20.

On 12 July 2017, Cabinet approved the introduction of a Council Tax Discretionary Reduction (Relief) for Care Leavers Policy, effective from 1 April 2017. The impact of this new Policy, which will be kept under review, has been factored into the Tax Base forecasts for 2018/19.

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. 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.

The Council Tax Collection Fund is forecast to achieve a surplus of £5.483m 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 2017/18 demands / precepts on the Fund. The £5.483m will be allocated as follows:

	Forecast Surplus to be Distributed in 2018/19 £m
Durham County Council	£4.627m
Durham Police, Crime & Victims’ Commissioner	£0.543m
Durham & Darlington Fire and Rescue Authority	£0.313m
Total	£5.483m

Officers will continue to carefully track and monitor the Council Tax Base and Collection Fund performance over the coming months.

In continuing with the current LCTRS next year, members have committed to a review of the Scheme in early summer of 2018 and put forward options for consideration by Cabinet in July/September next year, with a view to consultation on any changes for 2019/20 being in the Autumn of 2018 and a report being presented to Cabinet on the outcome of the consultation by December 2018. The 2019/20 LCTRS scheme will need to be endorsed by Council before 31 January 2019.

Decision

We have:

- (a) approved the Council Tax Base for the financial year 2018/19 for the County, which has been calculated to be 138,419.2 Band D equivalent properties;
- (b) noted the impact on individual Town and Parish Council Tax bases and Local Council Tax Reduction Scheme Grant allocations for the financial year 2018/19;
- (c) approved the declaration of a surplus on the Council Tax Collection Fund at 31 March 2018 of £5.483m, 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.

2. Review of School Provision in County Durham: Ensuring Financial Sustainability of Schools [Key Decision: CORP/R/17/01] Cabinet Portfolio Holders– Councillors Alan Napier and Olwyn Gunn Contact – Phil Hodgson 03000 268982

We have considered a joint report of the Corporate Director of Children and Young People's Services and the Corporate Director, Resources which described the financial challenge being experienced by schools across the County caused by a combination of cash flat Dedicated Schools Grant (DSG) allocations over a number of years, school formula funding changes and in some areas, reductions in admission numbers.

These issues have necessitated the setting of deficit budgets within some schools to avoid a detrimental impact on educational outcomes for children and young people. There are also potential financial implications arising from the introduction of a National Funding Formula (NFF) for mainstream primary and secondary schools, which were announced on 14 September, 2017 following the Government's two stage consultation process which closed in March 2017. The report proposed that the Council implements a strategic review of educational provision on a locality basis across the county, to

ensure that County Durham has an appropriate mix and number of high performing, financially sustainable schools.

Since 2015/16, Cabinet and Overview and Scrutiny have received a detailed breakdown of the number of primary and secondary schools with deficit balances. The two schools with the most significant financial challenges and financial viability concerns are Wellfield School in Wingate and Wolsingham School and Sixth Form in Wolsingham. These two schools account for £4.3 million of the estimated £5.3 million of deficit balances (60%) being carried at 31 March 2018. Wellfield and Wolsingham have historically been allowed to set deficit budgets that are outside of the parameters of the scheme of financing. For 2017/18, Wellfield and Wolsingham schools have again been given permission to set a deficit budget on the strict understanding that the schools continue to make every attempt to minimise expenditure and work towards eliminating the in-year deficit and paying down the accumulated deficit at the earliest opportunity. The setting of deficit budgets is not a position that can continue indefinitely and the deficit budgets for 2017/18 have been agreed but only on the basis that reviews of educational provision are undertaken as set out in the report.

The report provided details on the Government's intention to make further progress towards a national funding formula (NFF) which will undoubtedly lead to significant changes to the way in which schools and special educational needs are funded in future.

The report set out the existing schools provision, factors to be considered when reviewing provision, and, the proposed process for considering the future pattern and provision of schools. Appendix 4 of the report provided the recommended approach for the two priority areas where it is proposed the strategic review should begin, which are 0-19 childcare and education provision in Wolsingham and the wider Weardale area and 0-16 childcare and education provision in Wingate and the surrounding area. Appendix 4 of the report also included the recommended approach to review 0-11 provision in Horden with Cotsford Infant and Cotsford Junior Schools facing challenges with a significant drop in pupil numbers.

The success of future reorganisations will require full engagement with communities about the issues raised in the report and will seek to involve communities in finding a solution.

Decision

We have:

- (a) noted the contents of the report and agreed that the Council implements a strategic review of educational provision on a locality basis across the county, to ensure that County Durham has an appropriate mix and number of high performing, financially sustainable schools;
- (b) supported the process outlined in the report for the review of educational provision and that officers take immediate action to

carry out an early review of education provision in the Wolsingham, Wingate and Horden areas using the process illustrated in the report. Further reports to be provided to Cabinet at key milestones, as highlighted in Appendix 4 of the report.

**3. County Durham Plan Progress Report and the Council's Response to the Planning for the Right Homes in the Right Places Consultation [Key Decision: REAL/03/17]
Cabinet Portfolio Holders– Councillors Carl Marshall, and Kevin Shaw
Contact – Mike Allum 03000 261906**

We have considered a report of the Corporate Director of Regeneration and Local Services on the current position with the County Durham Plan (CDP). The report outlined a timetable for taking the County Durham Plan forward through the agreement of a new Local Development Scheme. The report also presented Durham County Council's response to the consultation on Planning for the Right Homes in the Right Places, and, sought approval of a number of supporting documents that will provide guidance on how planning applications will continue to be determined as the Plan progresses.

A report to Cabinet in December 2016 resulted in pausing the preparation of the County Durham Plan which had reached the Issues and Options stage in June/July 2016. The publication of a Housing White Paper was expected to have several implications for the preparation of the Plan, including a new national methodology for the calculation of housing requirements. The Housing White Paper was subsequently published on 7 February 2017. It did not include the proposed methodology but instead referred to a separate consultation. The Council submitted a response to the consultation on the Housing White Paper as reported to Cabinet in July. The Government's consultation document 'Planning for the Right Homes in the Right Places', which included the housing requirement figure, otherwise known as the Objectively Assessed Need (OAN) for housing, was published on 14 September 2017 for an eight week consultation. It was hoped that on publication of the OAN methodology, the Council would have had certainty to move forward with the local plan. However, whilst the government's consultation provided a baseline figure for the expected housing number, it provided no detail as to how a figure could be uplifted to consider issues such as economic growth.

With the OAN methodology consultation now being published it is appropriate to resume the preparation of the County Durham Plan. The timescale identified takes account of future government consultations and the process will continue to be monitored with caution taking into account feedback from government.

The timescale also takes account of the forthcoming National Planning Policy Framework (NPPF) consultation which is due to be published in Spring 2018. A consultation was undertaken on an Issues and Options document in

June/July 2016. It is considered that this document is still relevant and it would not need to be repeated.

Key Milestones were set out in the report and the full timetable, was set out in the updated Local Development Scheme (LDS) at Appendix 3 of the report. Cabinet will be asked to consider and approve each stage of the process prior to it proceeding to public consultation. The Local Development Scheme will be continually reviewed to ensure it takes account of changes to national guidance and legislation.

The Council publishes guidance documents to provide certainty to communities and developers of what is expected from developers to mitigate the impact of their developments. These include a document updating the guidance on Developer Contributions for Education Provision and a document on Developer Contributions relating to the Habitat Regulations. Monitoring of local plan policies enables the identification of any unintended consequences of policies, whether the assumptions and objectives that the policies are based upon are still relevant and if the policy targets are being achieved. The findings highlight where adjustments and revisions to policies are required and can inform the development of further new policies. The Annual Monitoring Report covers the period 1 April 2016 to 31 March 2017 and was attached at Appendix 6 of the report.

Decision

In relation to the local plan we have:

- (a) agreed the approach and proposed timescales, and to receive regular updates in respect of government guidance, advice and potential changes;
- (b) noted and endorsed the content of the council's response to the consultation on 'Planning for the Right Homes in the Right Places';
- (c) that the following documents be agreed and published:
 - (i) Developer Contributions for Education Provision;
 - (ii) Habitat Regulations Assessment Developer Guidance and Requirements; and
 - (iii) 2016/17 Annual Monitoring Report.

4. Forecast of Revenue and Capital Outturn 2017/18 – Period to 30 September 2017

**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 a forecast of the 2017/18 forecast revenue and capital outturn, a forecast of the Council's Council Tax and Business Rates Collection Fund position at 31 March 2018 and the use of earmarked, cash limit and general reserves. The report also sought approval of the budget adjustments and proposed sums outside of cash limits.

Revenue

Appendices 2 and 3 of the report compared the forecast outturn with the revised budget. It was reported that the following adjustments have been made to the original budget which was 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 (outlined in Appendix 4).

The report identified that there is forecast to be a £0.169 million underspend within service grouping cash limits with a forecast underspend on all other budgets of £1.635 million. This position is reflected in the movement in cash limit and general reserves. Taken together, the net £1.804 million underspend represents a 0.4% underspend against the revised net expenditure budget of £413.5 million. The report set out for approval, some sums to be funded from, or transferred to, general contingencies. These sums are deemed to be outside of service grouping cash limits.

The forecast outturn for Cash Limit Reserves and the General Reserve, after adjusting the budgets, was outlined in the report. A sum of £2 million has been transferred from the General Reserve into a Transformation Programme Reserve to provide the required support for the next three years.

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 profiled 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.

The Council's Member Officer Working Group (MOWG) that closely monitors the capital programme considered further revisions to the capital programme, taking into account additional resources received by the council and further requests for profiling as Service Management Teams continue to monitor and review their capital schemes. The report summarised the latest capital budget alongside the original budget and also showed the forecast outturn for each service and the actual capital spend as at 30 September 2017. Further to the revised Quarter 1 2017/18 budget that was agreed by Cabinet on 13 September, the MOWG considered a number of variations to the capital programme as a result of additions and reductions in resources received by the Council. The variations were detailed in the report.

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.

5. Mid-Year Review Report on Treasury Management for the period to 30 September 2017

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's management mid-year position for 2017/18 and sought approval of a revision to the Council's Investment Strategy.

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). The mid-year report was prepared in accordance with the Code and included:

- (a) a review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- (b) a review of the Council's capital expenditure (prudential indicators);
- (c) a review of the Council's investment portfolio for 2017/18;
- (d) a review of the Council's borrowing strategy for 2017/18;
- (e) a review of compliance with Treasury and Prudential Limits for 2017/18.

The Annual Treasury Management Statement for 2017/18 was approved by the Council on 22 February 2017. In accordance with the Code, it is in the Council's priority to ensure security of capital and liquidity and to obtain an appropriate level of return which is consistent with the Council's risk appetite. The report recommended that revisions be made to the Investment Strategy in order 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); and, to invest in businesses within County Durham in order to encourage regeneration and economic development in the area.

The report outlined the following proposed changes:

- (a) increase the monetary limit for equity shareholdings up to £30 million in total (from £20 million);
- (b) £15 million in an individual business (from £11 million);
- (c) allow investment in property funds of not more than £50 million in total and £25 million in an individual fund (from £10 million and £5 million respectively).

Decision

We have:

- (a) approved the proposed changes to the Treasury Management Strategy for 2017/18;
- (b) noted the contents of the mid-year review report and agreed to report further to Full Council.

6. Review of Humanitarian Support in County Durham Cabinet Portfolio Holder– Councillor Joy Allen Contact – Gordon Elliott 03000 263605

We have considered a joint report of the Director of Transformation and Partnerships and the Corporate Director of Children and Young People's Services which outlined the findings of the evaluation of the first year of delivering resettlement support under the Syrian Vulnerable Persons Resettlement Scheme (SVPRS). The Report also updated Members on other humanitarian support schemes in the County, specifically the Vulnerable Children's Resettlement Scheme and informed Members about the government's national scheme for accommodating asylum-seekers.

On 16 December 2015, Cabinet considered a report on the government's response to the Syrian refugee crisis and the development of the Durham Humanitarian Support Partnership. In line with the partnership's recommendations, Cabinet agreed to participate in the Syrian Vulnerable Persons Relocation Scheme, offering to support around 200 vulnerable people in family groups, over the duration of the scheme to May 2020.

To date, 92 vulnerable people have been helped to settle in the county. Arrangements are currently being made for a fourth phase, which will see a further six families supported to lead new lives in the county. This would bring the total number of people supported to approximately 120.

Cabinet agreed to evaluate the effectiveness of the programme within 12 months of the arrival of the first group of refugees in order to determine if the number of Syrian refugees supported to settle in the county could be increased.

The evaluation report, was attached as Appendix 2. The evaluation report paints a positive picture of Durham's experience supporting Syrian refugee families, with council services, partner organisations and the voluntary and

community sector working together very effectively to make a difference to extremely vulnerable people's lives and local communities accepting and welcoming the families into their midst. The Council's coordination role has been key in facilitating this approach throughout each phase of the scheme.

Partners are positive about what has been achieved through the coordinated and collaborative approach and the families assisted are very satisfied and appreciative of the assistance provided and the welcome they have received from support services and their local neighbours and communities.

Whilst the government has called on Durham to participate in other schemes, most notably the scheme to disperse asylum-seekers, partners have expressed significant reservations about the nature of the scheme and Durham's capacity and resources to provide the support and assistance required.

Partners are therefore suggesting that the county should look to increase the numbers resettled by 50 to 100 people, under schemes which are adequately resourced and where arrivals can be supported, namely the Syrian Vulnerable Persons Resettlement Scheme, suitable cases under the Vulnerable Children's Resettlement Scheme and, where possible, unaccompanied asylum-seeking children, if the level of care and support required are available.

Decision

We have:

- (a) noted the contents of the evaluation report;
- (b) commended the organisations and partners involved in resettling the Syrian refugee families for their effective approach;
- (c) supported the view of partners that the numbers resettled in the county could be increased by an additional 50 to 100 people, under appropriate schemes where the county has capacity and resources to do so, as outlined in the report;
- (d) agreed to delegate authority to progress Durham's offer of support, as outlined in the report, to the Director of Transformation and Partnerships, in consultation with the Portfolio Holder for Transformation;
- (e) supported the Durham Humanitarian Support Partnership's view that the county should decline to participate in the National Dispersal Scheme for Asylum-seekers at this stage.

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

28 November 2017