

City of Durham

At a Meeting of the **COUNCIL** held in the Town Hall, Durham, on Monday, 27 February, 2006, at 5.30 p.m.

Present: The Right Worshipful the Mayor of Durham, Councillor Lightley (in the Chair) and Councillors Bell, Carr, Cowper, Crathorne, Cummings, Dickie, Freeman, Gibbon, Graham, Griffin, Holland, Hopgood, Howarth, Jackson, Kellett, Kinghorn, Leake, Lodge, McDonnell, Marsden, Moderate, Norman, Pape, Pitts, Rae, Reynolds, Robinson, Rochford, Shaw, Simmons, Simpson, Smith, Southwell, Stoddart, Syer, Taylor, Thomson, Turnbull, Van Zwanenberg, Walker, Walton, Wolstenholme, Woods, Wynn and Young.

510. MAYOR'S BODYGUARD

Mr. C. Fenwick, Bede Lodge, Rehills Lane, Durham, was duly sworn in as a Member of the Mayor's Bodyguard. Members and Officers warmly applauded.

511. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Gill, Hawgood and Hepplewhite.

512. MINUTES

The Minutes of the Meeting held on 10th January, 2006, were confirmed as a true record and signed by the Mayor.

513. MAYOR'S ANNOUNCEMENTS

The Mayor announced that tickets were still available for his Charity Concert and the Gymnastics Display in April.

The Mayor also thanked those who had bought tickets for the Civic Dinner, which had now all been sold.

514. COUNCIL PROCEDURE RULE NO. 11

The following petition was received, by the due date, from Mr. Tony Clarke, 11 Nickleby Chare, Merryoaks, Durham City, DH1 3QX.

Closure of Durham City Sports Centres' Main Facilities to the General Public on Friday Nights From 7.00 p.m. – 9.00 p.m.

Mr. I. Mordue addressed the Council on the Petition.

Resolved: That the petition be referred to the next meeting of Cabinet for detailed discussion.

515. QUESTION UNDER COUNCIL PROCEDURE RULE NO. 9.2

Note: Councillor Pape declared a prejudicial interest in the following question and withdrew from the meeting during consideration thereof.

(a) The following question was received, by the due date, from Councillor Taylor and was addressed to the Portfolio Holder for Environment and Leisure.

“At the last meeting of Council, the Portfolio Holder made the sweeping statement that the people of Durham neither needed nor wanted ID cards.

While I respect her right to an opinion that the people of Durham don't need ID cards, I believe full Council should not be expected to make decisions that are not justified by reliable evidence.

Could Councillor Woods inform Council how many people she consulted, and by what methodology, to allow her to make such a bold statement?"

The Portfolio Holder for Environment and Leisure thanked Councillor Taylor for his question and indicated:

"Nobody needs ID cards. The Liberal Democrats stood on a manifesto at the general election of opposition to ID cards; Councillor Taylor may recall how many people in Durham agreed with us and voted Liberal Democrat. I am putting into practice what all those people mandated the Liberal Democrats to do. Councillors of this council also voted for the motion; all these people are opposed to the erosion of their civic liberties should not be ignored."

- (b) The following question was received, by the due date, from Councillor Crathorne and was addressed to the Leader of the Council.

"Will the Leader of the Council inform Members what progress has been made on the possible parishing of the unparished areas of the District?"

The Leader of the Council thanked Councillor Crathorne for his question and indicated:

"This issue has been considered by Cabinet, Scrutiny and Residents Forums. The next stage is to carry out formal consultation. Before this we must take into consideration current government initiatives and the Lyons Review on Local Government Restructure.

All Leaders of North East Council's have been called to a meeting with Phil Woolas, Minister of State for Local Government at the end of March, when hopefully the position will become clearer."

- (c) The following question was received, by the due date, from Councillor Robinson and was addressed to the Portfolio Holder for Community Development.

"Will the Portfolio Holder for Community Development please say why new application forms for financial assistance from the Flourishing Communities Fund have still not been introduced, and why applications are still being accepted on the old forms, despite it being said that these could no longer be used?"

The Portfolio Holder for Community Development thanked Councillor Robinson for her question and indicated:

"It has never been suggested that the existing Flourishing Communities application forms could no longer be used and they are still being accepted as part of the application procedure.

For evaluation purposes the form does not hold all of the relevant in depth information which is available in the supporting documents.

It was suggested by the Community Development team that the form itself could be structured to cover all aspects of the agreed 'Evaluation Criteria', thereby reducing the need for substantial background papers. It was also suggested that the existing

form could be adapted to be used as an 'expression of interest' pro-forma much like other funding bodies use at present.

This arrangement was discussed at Policy Scrutiny Panel in November 2005 and with the Director of Strategic Resources in January 2006 and agreed in principle. After further discussion it was reported at Policy Scrutiny on 7th February that the Economic & Community Development Manager would produce a draft form and guidance note for the same panel on 7th March."

- (d) The following question was received, by the due date, from Councillor Syer and was addressed to the Chairman of the Development Control Committee.

"Will the Chair of the Development Control Committee please say what effect on the Council's targets and on the amount of Planning Delivery Grant it can expect, as a result of Cabinet's decision not to hold any Development Control meeting between 2nd August and 20th September 2006?"

The Chairman of the Development Control Committee thanked Councillor Syer for his question and indicated:

"The period of time referred to is when many officers and members are on holiday leave and other staff are providing cover for those who are absent. The Council's scheme of delegation should ensure that the Council is still well-placed to meet its targets for determining planning applications. Workflow can generally be managed to avoid or minimise delays and there is likely to be no appreciable impact upon the Council's ability to secure Planning Delivery Grant, which is based upon performance over the whole year.

I have not, however, discounted the possibility of convening a committee meeting in early September, after the main holiday period in August, should it prove necessary."

- (e) The following question was received, by the due date, from Councillor Taylor and was addressed to the Portfolio Holder for Housing.

"Recently at the request of a resident of Red Courts in Brandon I obtained a future works programme for properties in Brandon up to the year ending 2010.

Noting that Red Courts does not appear on the programme the resident has asked me to ask the Portfolio Holder, just when the residents of Red Courts can expect to see their properties receive much needed improvements?

I also have a Petition given to me and signed by every Council tenant in Red Courts to present to Councillor Southwell."

The Portfolio Holder for Housing thanked Councillor Taylor for his question and indicated:

"The only capital works scheme to be carried out on properties in Red Courts up to the year ending 2010, is the replacement of the central heating systems. These are programmed for 2009.

Neither the in-house sample stock condition survey carried out in 2003, nor the independent sample survey carried out by consultants in 2004, identified any other necessary component renewal.

Following the signed petition from the residents of Red Courts, we will, however, re-visit these properties as to any further improvements that may be required.”

- (f) The following question was received, by the due date, from Councillor Taylor and was addressed to the Leader of the Council.

“In early December 2005, an extremely upset resident who regularly uses the Sycamore Park Communal Hall in Brandon contacted me.

The lady in question is a wheelchair user and she informed me that she had been waiting a considerable amount of time to have some handrails fitted to the toilets in the hall, to enable her and two other wheelchair users to use the toilets.

I contacted the Operations Manager, who as usual was extremely helpful and the handrails were fitted by the end of the month.

At the request of this lady I visited the hall only to find her in a state of much distress and I was shown that where the handrails had been installed was of no use to her and the two other residents.

I then spoke to the Technical Manager, who then had the work inspected and later informed me that the handrails could not be put in any other position and that the toilets would need to be properly adapted.

I am asking the Leader of this Council tonight, to release the finance to have these toilets properly adapted and take away the indignation and indeed embarrassment of these three Brandon residents.

Will the Leader of the Council give me an undertaking tonight to do that?”

The Leader of the Council thanked Councillor Taylor for his question and indicated:

“I would refer you to the Budget estimates for 2006/07, specifically to the Housing Capital programme where the sum of £100,000 has been included to commence upgrading those Communal Halls, (that are used), to the standards recognised by the Disability Discrimination Act. Works will be prioritised to those Communal Halls that are well used by their Communities, with those that are less well used following on.

I have no need, Councillor Taylor, to release finance in a reactive manner. The works you require are budgeted for already and Sycamore Park will take its proper place in the list of proposed works.”

- (g) The following question was received, by the due date, from Councillor Syer and was addressed to the Portfolio Holder for Environment and Leisure.

“Will the Portfolio Holder for Environment & Leisure inform Council when Competition Line, referred to in the Executive Director's November 2005 report to the Risk Management Working Group as the "preferred partner" for the Health & Fitness Suite to be built as part of the new swimming pool, was appointed to that position, and by whom, and when other tenderers considered by Cabinet on 18th January 2006 were informed of that decision. “

The Portfolio Holder for Environment and Leisure thanked Councillor Syer for his question and indicated:

“Cabinet minutes of the 18th January show that the cabinet approved competition line as the preferred partner at that meeting. More attention to detail when reading your minutes should alleviate the need for you to ask questions you already have the answers for.

The Strategic Purchasing Officer did exactly what you would expect him to do and informed all unsuccessful candidates as his job remit requires.”

The Mayor agreed to accept, under Council Procedure Rule 9.3, the urgent question received from Councillor Leake, which was addressed to the Leader of the Council.

516. QUESTION BY MEMBERS UNDER COUNCIL PROCEDURE RULE 9.3

The following question was received, as a matter of urgency, from Councillor Leake and was addressed to the Leader of the Council.

“Will the Leader of the Council undertake to follow the good practice of the County Council in informing residents through the local media, council publications and the council website of the procedure by which they may ask questions of members of the Council Cabinet? Will the Leader of the Council ensure that questions from members of the public and answers given by Cabinet members are publicised on the City Council website?”

The Leader of the Council thanked Councillor Leake for his question and indicated:

“The right to submit questions to the Council on Council matters is set out in the Council Constitution in Article 3. The Constitution is available on the City Council website, however, arrangements can be made to publicise the right more clearly through the Durham City News and other publications.

Proposals are in place to publish Council Agendas and Minutes on the website and, as such, questions and answers given by Cabinet Members will be available.”

517. NOTICES OF MOTION

- (a) Notice having been duly given Councillor Woods moved and Councillor Reynolds seconded:-

“That City of Durham Council

(i) expresses its concern at

- the decline of local services and facilities which affects local communities and in particular the elderly and people on the lowest incomes;
- the resulting decline of local jobs and local economies and the resulting extra traffic and pollution caused by the need to travel further

(ii) and notes that this combination of factors increases people's feelings of exclusion and lack of involvement; and so

(iii) supports measures to reverse this process and

(iv) supports the concept of local sustainability as envisaged in the Sustainable Communities Bill, namely;

- the promotion of local economies
- the promotion of local services and facilities
- the protection of the environment
- the reduction of social exclusion and
- measures to increase involvement in the democratic process

(v) and accordingly resolves to support the Sustainable Communities Bill which

- requires the government to assist councils and communities in promoting local sustainability in ways decided by them; and
- sets up a participative process whereby councils and communities can drive the way in which government uses its power and influence to assist with the promotion of local sustainability; and
- recognises therefore that the Bill provides for a 'bottom-up' rather than a 'top down' one-size-fits-all process
- notes that this Bill is therefore fully in accord with current thinking in local government in that it impacts on central authorities and does not impose any new duties on councils but instead enables them to influence how government uses its resources and influence to help councils and communities; and
- specifically provides that where councils themselves decide to take action to promote local sustainability that they should be given the resources to do so; and so

(vi) and further resolves

- to inform the local media of this decision;
- to write to local MPs, asking them to support the Bill; and sign EDM (Early Day Motion) No. 641; and
- to write to the Local Works Campaign (at 94 White Lion St, London N1 9PF) expressing its support .”

Councillor Bell moved and Councillor Syer seconded:

“Clause (vi), amend second bullet to read “to write to Roberta Blackman-Woods MP congratulating her for supporting the above Labour Party policies and for signing EDM (Early Day Motion) No. 641”

THE AMENDMENT on being put was declared LOST and THE ORIGINAL MOTION on being put was CARRIED and it was RESOLVED ACCORDINGLY.

(b) Notice having been duly given Councillor Syer moved and Councillor Bell seconded:-

“This Council believes that Portfolio Holders must take responsibility for decisions made in their names and by Cabinet, and that they are paid accordingly. That duty includes allowing those decisions to be submitted to full and proper scrutiny. Council also believes that the Chairs of the Scrutiny Committee and Panels have an equivalent duty, for which they are also paid, to ensure that Cabinet and Portfolio Holders' decisions are fully and properly scrutinised.”

Councillor Reynolds moved and Councillor Wynn seconded:

“This Council believes that Portfolio Holders must take responsibility for decisions made in their names and by Cabinet. That duty includes allowing those decisions to be submitted to full and proper scrutiny. Council also believes that the Chairs of the Scrutiny Committee and Panels have an equivalent duty, to ensure that Cabinet and Portfolio Holders' decisions are fully and properly scrutinised in line with current council procedure.”

THE AMENDMENT on being put was CARRIED and it was RESOLVED ACCORDINGLY.

- (c) Notice having been duly given Councillor Griffin moved and Councillor Cummings seconded:-

“This Council believes that motions to full Council meetings should be disallowed if they do not relate to a matter for which the Council has a responsibility or which uniquely or disproportionately affects the City of Durham, and resolves to introduce an amendment to the Council's Procedure Rule No. 8.5 accordingly.”

In accordance with Council Procedure Rule No. 24.2 the motion shall stand adjourned to the next ordinary meeting of the Council.

- (d) Notice having been duly given Councillor Rochford moved and Councillor Marsden seconded:-

“This Council welcomes plans to make the Town Hall fully accessible.”

Councillor Holland moved and Councillor Reynolds seconded:

“This Council welcomes plans to make the Town Hall fully accessible and applauds the Liberal Democrat administration for promoting these plans.”

THE AMENDMENT on being put was CARRIED and it was RESOLVED ACCORDINGLY.

Note: Councillor Moderate left the Meeting.

- (e) Notice having been duly given Councillor Syer moved and Councillor Robinson seconded:-

“This Council believes that the most serious risks identified in the new Swimming Pool Risk Register should be closely and meaningfully scrutinised by non-executive Members at the earliest opportunity.”

Councillor Pape moved and Councillor Woods seconded:

“This council recognises that all risks to major projects must be carefully managed and has therefore worked responsibly with leading consultants to identify risks to the delivery of the long awaited swimming pool. It welcomes the interest of the Scrutiny Committee in the management of those risks and is fully supportive of the independent scrutiny process. It both applauds the work of that committee and recognises its' integral role in the monitoring of city council business by non executive members of the council.”

THE AMENDMENT on being put was CARRIED and it was RESOLVED ACCORDINGLY.

The Chief Executive issued a statement on the undermentioned motion accepting responsibility for the double booking of facilities and apologised for any embarrassment.

- (f) Notice having been duly given Councillor Taylor moved and Councillor Rochford seconded:-

“This Council is ashamed of the shambles witnessed by a large number of members of the public at the Development Control Committee meeting on 15th February 2006.”

In view of the statement by the Chief executive the mover with the permission of the seconder amended the motion to read

“This Council is ashamed of the shambles witnessed by a large number of members of the public at the Development Control Committee meeting on 15th February 2006 and unreservedly apologises for inconvenience and embarrassment caused.”

Before the vote was taken a Member of the Council requisitioned and was supported by four other Members, in accordance with Council Procedure Rule No.17.5 that the vote be by roll call and recorded so as to show how each Member present and voting gave his/her vote.

For Motion	Against Motion	Against Motion	Abstained
Bell	Freeman	Simpson	Lightley
Carr	Gibbon	Smith	Lodge
Cowper	Graham	Southwell	Van Zwanenberg
Crathorne	Holland	Thomson	
Cummings	Hopgood	Walker	
Dickie	Howarth	Walton	
Griffin	Jackson	Wolstenholme	
Kellett	Kinghorn	Woods	
McDonnell	Leake	Wynn	
Marsden	Norman	Young	
Robinson	Pape		
Rochford	Pitts		
Stoddart	Rae		
Syer	Reynolds		
Taylor	Shaw		
Turnbull	Simmons		

THE MOTION on being put was declared LOST.

Note: Councillor Robinson left the meeting at 7.20 p.m.

- (g) Notice having been duly given Councillor Taylor moved and Councillor Turnbull seconded:-

“This Council resolves to engage in full and meaningful consultation with residents before Cabinet decides to dispose of land for development and to submit planning applications for such development.”

Councillor Reynolds moved and Councillor Wynn seconded:

“This Council continues to engage in full and meaningful consultation with residents regarding the disposal of land for development and to submit planning applications for such development in line with past practice and current council procedures.”

THE AMENDMENT on being put was CARRIED and it was RESOLVED ACCORDINGLY.

- (h) Notice having been duly given Councillor Griffin moved and Councillor Bell seconded:-

“Council affirms that all Members of Council should be informed of changes to the contact details of any of its Members and, especially, of any resignations from Council at the earliest opportunity.”

Councillor Reynolds and Councillor Wynn seconded:

“Council affirms that all Members of Council should be informed of changes to the contact details of any of its Members and, especially, of any resignations from Council at the earliest opportunity and will be reported to the nearest full Council.”

The mover and seconder of the motion agreed to accept the amendment.

THE AMENDMENT on being put was ACCEPTED and it was RESOLVED ACCORDINGLY.

Report of the Director of Legal & Administration Services

Note: Councillors Walton and Woods declared a personal interest in the undermentioned item and remained in the meeting during consideration therefore.

518. SHERBURN PARISH COUNCIL

The Director of Legal and Administration Services had recently received notification from the Clerk to Sherburn Parish Council that at a meeting of the Parish Council on Tuesday 10 January 2006 it was resolved that Sherburn should change its postal name to Sherburn Village and that the Sherburn Parish Council should be renamed Sherburn Village Parish Council.

Under Section 75 of the Local Government Act 1972, if a parish council so requested, the District Council in which the parish was situated may change the name of the parish.

In the event of the City Council being prepared to change the name of the parish council, notice of the change of name must be sent to the Secretary of State, to the Director General of the Ordnance Survey and to the Registrar General. In addition it was necessary for the City Council to publish the name change both in the parish and elsewhere in such manner as the City Council considered appropriate.

Resolved: (i) That in accordance with the wishes of Sherburn Parish Council the proposal to change the name of the parish council to Sherburn Village Parish Council, is approved with effect from the 1 April 2006 and the necessary notification of the change of name be given.

(ii) That the parish council be requested to reimburse any out of pocket expenses incurred by the City Council in publishing the change of name.

519. COUNCILLOR FIONNA DAVISON

Councillor Fiona Davison had tendered her resignation as City Councillor for Shadforth and Sherburn Ward, with effect from 6 February 2006. In her letter to the Chief Executive she confirmed that due to personal circumstances, she found she could no longer devote the necessary time to fairly represent her Ward on the City Council.

Resolved: That the Report be noted.

Report of the Director of Strategic Resources

Note: Councillor Bell declared a personal interest in the undermentioned item and remained in the meeting during consideration thereof.

520. 2006/07 ESTIMATES

The Director of Strategic Resources submitted a comprehensive report on the 2006/07 Estimates. (See Report File).

Councillor Wynn moved acceptance of the estimates for 2006/07 and was seconded by Councillor Reynolds.

Councillor Bell moved and Councillor Syer seconded an amendment that there be no increase in Council Tax.

The AMENDMENT on being put was declared LOST.

Councillor Syer moved and Councillor Bell seconded a further amendment that the rise in council house rents be limited to 1.12% instead of 4.65% as proposed.

This AMENDMENT on being put was declared LOST and the original motion on being put was CARRIED and it was RESOLVED ACCORDINGLY.

Resolved: (i) That the revenue estimates for 2006/07 be approved.

(ii) That the revised capital programmes for 2005/06 and the capital programme for 2006/07 be approved.

(iii) That the human resource estimates for the year 2006/07 be approved.

(iv) That with immediate effect, all capital receipts from housing land sales be applied to projects falling within the following definitions of affordable housing and/or regeneration where:

- (a) affordable housing was outlined as 'the provision of dwellings to meet the housing needs as identified by the local authority, of persons on low incomes, whether provided by the local authority or a registered local landlord'

and

- (b) where 'regeneration' was defined as 'any project for the carrying out of works of activities on any land where:

- ◆ the land, or a building on the land was vacant, unused, under-used, ineffectively used, contaminated or derelict, and

- ◆ the works or activities were carried out in order to secure that the land or building would be brought into effective use;

(v) That the Council adopt the following policy on reserves and balances:

- (a) the purpose of the Council's general reserve was to:
- ◆ cover emergency events, such as unforeseen financial liabilities or natural disasters
 - ◆ support one-off and limited on-going revenue spending
 - ◆ to help offset medium term liabilities facing the Council

Cabinet may agree to the use of general reserves up to a limit of £0.5M.

The General Reserve would be maintained at a minimum of £3M;

- (b) the purpose of the Council's earmarked reserves was to meet identified spending commitments. These reserves would only be used for the purpose for which they were created and would be reviewed annually. If they are no longer required, they would be transferred to the general reserve;
- (c) with regard to the HRA balance, the Council would maintain a minimum balance of £500,000 and would aim to increase this to £1M over the medium to long term;
- (d) with regard to the Insurance Fund, the Council would maintain a minimum balance of £400,000 and would aim to increase this to £1M over the medium to long term.

Summary of Net Expenditure and Income

After the Cabinet recommendations were approved, and after taking into account the County Council, Fire Brigade and Police Authority demands, the position was as follows:-

	£	£
Durham City Council's Expenditure	12,736,009	
Add: Reduction in 2004/05 Grant Settlement	4,000	
Add: Contribution to Balances	2,554	
Durham City Council's Net Expenditure	12,742,563	
Add: Parish Precepts	375,812.40	13,118,375.40
Less: a) Revenue Support Grant	1,308,091	
b) National Non Domestic Rate	6,776,423	8,084,514.00
		5,033,861.40

	£	£
Add Deficit on Collection Fund:		
Council Tax	Nil	Nil
Billing Authority Demand		5,033,861.40
County Council Demand		24,823,607.47
County Durham & Darlington Fire & Rescue Authority		1,976,827.14
Police Authority Demand		2,586,502.80
TOTAL DEMAND		34,420,798.81

521. COUNCIL TAX RESOLUTION

Resolved: (i) That the following, as submitted in the Council's Revenue and Capital Budgets 2006/07, be approved:-

- a) the revenue budgets (General Fund and Housing Revenue Account) for 2006/2007;
- b) the capital programmes (General Fund and Housing Revenue Account) for 2006/2007;
- c) the human resource estimates for the year 2006/2007.

(ii) That it was noted that at its meeting on 10 January 2006, the Council calculated the following amounts for the year 2006/2007 in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992.

- (a) 25,659.75 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as its Council Tax base for the year.

(b) Part of the Council's Area

Parish

Bearpark	615.42
Belmont	2,897.04
Brancepeth	214.73
Brandon & Byshottles	5,375.56
Cassop-cum-Quarrington	1,335.35
Coxhoe	1,278.83
Croxdale & Hett	308.38
Framwellgate Moor	1,530.95
Kelloe	406.12
Pittington	499.21
Shadforth	584.21
Sherburn	931.75
Shincliffe	707.03
West Rainton	751.38
Witton Gilbert	790.93

Being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.

(iii) That the following amounts be now calculated by the Council for the year 2006/2007 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-

- (a) £59,524,422 being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (a) to (e) of the Act.
- (b) £46,406,047 being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (3) (a) to (c) of the Act.
- (c) £13,118,375 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
- (d) £8,084,514 being the aggregate of the sums which the Council estimates would be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grants (reduced by the amount of the sums which the Council estimates would be transferred from its general fund to its collection fund in accordance with Section 97 (3) of the Local Government Finance Act 1988 (Council Tax Surplus) and reduced by the amount of any sum which the Council estimates would be transferred from its general fund to its collection fund pursuant to the collection fund (Community Charges) directions under Section 98 (4) of the Local Government Finance Act 1988 made on 7th February, 1994 (Community Charge Surplus).
- (e) £196.18 being the amount at 3(c) above less the amount at 3(d) above, all divided by the amount at 2(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year.
- (f) £375,812 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
- (g) £181.53 being the amount at 3(e) above less the result given by dividing the amount at 3(f) above by the amount at 2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(h) Part of the Council's Area

Parish	£
Bearpark	195.34
Belmont	203.97
Brancepeth	202.19
Brandon & Byshottles	199.86
Cassop-cum-Quarrington	198.75
Coxhoe	202.80
Croxdale & Hett	204.88
Framwellgate Moor	203.09
Kelloe	209.45

Parish	£
Pittington	204.56
Shadforth	204.44
Sherburn	206.32
Shincliffe	195.67
West Rainton	208.15
Witton Gilbert	206.31

being the amounts given by adding to the amount at 3(g) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Council in accordance with Section 34 (3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(i) **COUNCIL TAX BANDS 2005/06**

Parts of the Council's Area	Valuation Bands							
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
Parish of:-	£	£	£	£	£	£	£	£
Bearpark	130.23	151.93	173.64	195.34	238.75	282.16	325.57	390.68
Belmont	135.98	158.64	181.31	203.97	249.30	294.62	339.95	407.94
Brancepeth	134.79	157.26	179.72	202.19	247.12	292.05	336.98	404.38
Brandon	133.24	155.45	177.65	199.86	244.27	288.69	333.10	399.72
Cassop	132.50	154.58	176.67	198.75	242.92	287.08	331.25	397.50
Coxhoe	135.20	157.73	180.27	202.80	247.87	292.93	338.00	405.60
Croxdale	136.59	159.35	182.12	204.88	250.41	295.94	341.47	409.76
Framwellgate Moor	135.39	157.96	180.52	203.09	248.22	293.35	338.48	406.18
Kelloe	139.63	162.91	186.18	209.45	255.99	302.54	349.08	418.90
Pittington	136.37	159.10	181.83	204.56	250.02	295.48	340.93	409.12
Shadforth	136.29	159.01	181.72	204.44	249.87	295.30	340.73	408.88
Sherburn	137.55	160.47	183.40	206.32	252.17	298.02	343.87	412.64
Shincliffe	130.45	152.19	173.93	195.67	239.15	282.63	326.12	391.34
West Rainton	138.77	161.89	185.02	208.15	254.41	300.66	346.92	416.30
Witton Gilbert	137.54	160.46	183.39	206.31	252.16	298.00	343.85	412.62
All Other Parts of City Council's Area:	121.02	141.19	161.36	181.53	221.87	262.21	302.55	363.06

being the amounts given by multiplying the amounts at 3(g) and 3(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion was applicable to dwellings listed in valuation Band 'D', calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

(iv) That it be noted that for the year 2006/2007, Durham County Council, Durham Police Authority and County Durham and Darlington Fire and Rescue Authority had stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

Precepting Authority	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
	£	£	£	£	£	£	£	£
Durham County Council	644.94	752.43	859.92	967.41	1,182.39	1,397.37	1,612.35	1,934.82
Durham Police Authority	67.20	78.40	89.60	100.80	123.20	145.60	168.00	201.60
County Durham and Darlington Fire & Rescue Authority	51.36	59.92	68.48	77.04	94.16	111.28	128.40	154.08

(V) That having calculated the aggregate in each case of the amounts at 3(i) and 4 above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2006/2007 for each of the categories of dwellings shown below:

<u>Parts of the Council's Area</u>	Valuation Bands							
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>
	£	£	£	£	£	£	£	£
Bearpark	893.73	1,042.68	1,191.64	1,340.59	1,638.50	1,936.41	2,234.32	2,681.18
Belmont	899.48	1,049.39	1,199.31	1,349.22	1,649.05	1,948.87	2,248.70	2,698.44
Brancepeth	898.29	1,048.01	1,197.72	1,347.44	1,646.87	1,946.30	2,245.73	2,694.88
Brandon	896.74	1,046.20	1,195.65	1,345.11	1,644.02	1,942.94	2,241.85	2,690.22
Cassop	896.00	1,045.33	1,194.67	1,344.00	1,642.67	1,941.33	2,240.00	2,688.00
Coxhoe	898.70	1,048.48	1,198.27	1,348.05	1,647.62	1,947.18	2,246.75	2,696.10
Croxdale	900.09	1,050.10	1,200.12	1,350.13	1,650.16	1,950.19	2,250.22	2,700.26
Framwellgate Moor	898.89	1,048.71	1,198.52	1,348.34	1,647.97	1,947.60	2,247.23	2,696.68
Kelloe	903.13	1,053.66	1,204.18	1,354.70	1,655.74	1,956.79	2,257.83	2,709.40
Pittington	899.87	1,049.85	1,199.83	1,349.81	1,649.77	1,949.73	2,249.68	2,699.62
Shadforth	899.79	1,049.76	1,199.72	1,349.69	1,649.62	1,949.55	2,249.48	2,699.38
Sherburn	901.05	1,051.22	1,201.40	1,351.57	1,651.92	1,952.27	2,252.62	2,703.14
Shincliffe	893.95	1,042.94	1,191.93	1,340.92	1,638.90	1,936.88	2,234.87	2,681.84

<u>Parts of the Council's Area</u>	Valuation Bands							
	<u>A</u> £	<u>B</u> £	<u>C</u> £	<u>D</u> £	<u>E</u> £	<u>F</u> £	<u>G</u> £	<u>H</u> £
West Rainton	902.27	1,052.64	1,203.02	1,353.40	1,654.16	1,954.91	2,255.67	2,706.80
Witton Gilbert	901.04	1,051.21	1,201.39	1,351.56	1,651.91	1,952.25	2,252.60	2,703.12
All Other Parts of City Council's Area:	884.52	1,031.94	1,179.36	1,326.78	1,621.62	1,916.46	2,211.30	2,653.56

(vi) That the Chief Executive be instructed to publish a notice to the setting of Council Tax as delineated in Paragraph 5 above, in accordance with Section 38 (2) of the Local Government Finance Act 1992.

522. PRUDENTIAL CAPITAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES

The Prudential Code required that each local authority establish a set of prudential indicators with regard to the affordability of capital expenditure and funding plans and ensured that all external borrowing and other long term liabilities were within prudential and sustainable levels.

Council was asked to approve the following prudential indicators for 2006/2007.

Estimated ratio of financing costs to net revenue streams for the next three years:

	2006/07	2007/08	2008/09
Non HRA	1.3%	2.5%	1.8%
HRA	12.4%	11.4%	11.2%

Actual ration of financing costs to net revenue streams for the last completed financial years:

	2003/04	2004/05	2005/06 Likely
Non HRA	5.2%	2.2%	3.4%
HRA	18.9%	13.5%	12.9%

Estimate of the capital investment programme as detailed in the 2006/07 Estimates for the next three years:

	2006/07 £000s	2007/08 £000s	2008/09 £000s
Non HRA	3,017	2,190	1,149
HRA	5,338	5,100	4,526

The Non-HRA figures estimated that schemes financed by the Flourishing Communities Fund would amount to £500,000 per year.

Actual capital investment programme for the last completed financial years

	2003/04 £000s	£2004/05 £000s	2005/06 Likely £000s
Non HRA	1,672	4,149	4,081
HRA	4,535	5,962	6,685

Estimates of the incremental impact of capital investment decisions as outlined above on Council Tax and Council House Rents:

	2006/07 £	2007/08 £	2008/09 £
Impact on Council Tax	10.15	0.94	5.78
Impact on Housing Rents (weekly)	0.80	0.19	0.15

The amount shown as being the impact on Council Tax in 2008/09 included the additional revenue costs of the new Swimming Pool.

Capital Financing Requirement Limit:

	2005/06 £000s	2006/07 £000s	2007/08 £000s	2008/09 £000s
Non HRA	4,221	4,052	3,890	3,734
HRA	18,337	18,585	18,735	18,785
TOTAL	22,588	22,637	22,625	22,519

Interest rate exposure upper and lower limits on fixed and variable interest rates

Limits	Upper	Lower
Fixed	100%	75%
Variable	25%	0%

Upper and lower limits for the maturity structure of borrowing

AMOUNT OF PROJECTED BORROWING THAT IS FIXED RATE MATURING IN EACH PERIOD AS A PERCENTAGE OF TOTAL PROJECTED BORROWING THAT IS FIXED RATE			
Limits	Upper	Lower	Est. at 31.3.06
Under 12 months	20%	0%	2.8%
12 months and within 24 months	20%	0%	16.9%
24 months and within 5 years	50%	0%	7.7%
5 years and within 10 years	75%	0%	7.1%
10 years and above	90%	25%	65.5%

Total Principal sums invested for periods longer than 364 days

The Council would limit any investment to a £3.0M maximum.

Net Borrowing Limits for Capital Finance

	2006/07 £000s	2007/08 £000s	2008/09 £000s
Authorised	28,783	28,871	28,765
Operational	26,683	26,671	26,565

Any breaches of the Operational limit would be reported by the Director of Strategic Resources to Cabinet. The Director of Strategic Resources must secure agreement from Council before breaching the authorised limit.

Resolved: (i) That the prudential indicators and borrowing limits set out above be approved;

(ii) That the City Council authorises the Director of Strategic Resources to undertake individual borrowing transactions on the most suitable terms possible.

Note: Councillor Carr left the Meeting at 7.50 p.m.

523. INVESTMENT STRATEGY

The Investment Guidelines for England issued by ODPM were finalised on 12 March 2004. These required that the Council formally adopted an investment policy with regard to the placing of its investment monies before the start of the new financial year, beginning with 2005/06. Council accordingly adopted its Investment Strategy for 2005/06 on 23rd February, 2005. This Strategy now should be reviewed, not least in the light of the Council's improved financial standing, not least the increases in the reserves it holds.

Strategy Guidelines

- ◆ The Council's existing Treasury Management Strategy recognised credit and counterparty risk management as a major issue and determined that one of the prime objectives of its Treasury Management activities to be the security of the principal sums it invests. This, together with the maintenance of liquidity to meet the needs of the Council's operations had a higher priority than yield, although the yield or return on the investment would be a consideration, subject to adequate security and liquidity.
- ◆ The Council would ensure that it had sufficient liquidity in its investments. For this purpose it would set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also applied to the Council's prudential indicators which had been reported separately. This was set out in Liquidity of Investments below.
- ◆ The Council would ensure that it invested the resources it had available prudently and would establish prudential limits for long term investment. In determining these limits, the Council would take into account policy on reserves and balances, not least its intention to maintain a General Fund Reserve of approximately £3,000,000 to increase its HRA balance in the medium term to £1M and to increase its Insurance over the medium to long term to £1M. These limits were set out in the Liquidity of Investments shown below.
- ◆ The Council would maintain a policy covering both the categories of investment types it would invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This was set out in the Specified and Non-Specified investment sections below.
- ◆ The Director of Strategic Resources would maintain a counterparty list in compliance with these criteria and would revise the criteria and submit it to Council for approval as necessary. The current proposed criteria were shown below for approval.

Liquidity of Investments

- ◆ The Council would carefully balance the use of specified investments and non-specified investments into the future to ensure there was appropriate operational liquidity. In the normal course of the Council's cash flow operations it was expected that both specified and non specified investments would be utilised for the control of liquidity as both categories allow for short term investments.
- ◆ The use of longer term instruments (greater than one year from inception to repayment) would fall in the non-specified investment category. These instruments would only be used where the Council's liquidity requirements were safeguarded. Under the Prudential Code the Council was required to review and set limits for the maximum level of long term investments over the forthcoming three years. This procedure was undertaken as part of the setting of the Council's prudential indicators. The 2005/06 prudential indicators were approved by Council on 23rd February, 2005, and the 2006/07 prudential indicators were being submitted to Council for approval on 27th February, 2006. The February 2005 report established a prudential limit for longer term investment of £1.5M during 2005/06. This limit had remained unchanged from that set for 2004/05. In the light of the Council's improved financial standing and its policy on reserves and balances, it was proposed that this limit be increased to £3M.

Specified Investments

- ◆ These investments were sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council had the right to be repaid within 12 months if it wished. These were low risk assets where the possibility of loss of principal or investment income was negligible. These would include investments with:
 - a) The UK Government (such as the Debt Management Office, UK Treasury Bills or gilt with less than one year to maturity)
 - b) Supranational bonds of less than one year's duration.
 - c) A local authority, parish Council or community Council.
 - d) An investment scheme that had been awarded a high credit rating by a credit rating agency.
 - e) A body that had been awarded a high credit rating by a credit rating agency (such as a bank or building society)

(Category (d) covered a money market fund rated by Standard and Poor's, Moody's or Fitch rating agencies as AAA. Category (e) covered bodies with a short term minimum rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies)

- ◆ The Council had set additional criteria relating to these investment bodies, limiting the maximum sum of investment to £2M.

Non-Specified Investments

- ◆ Non-specified investments were any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied were set out below. Non specified investments would include any sterling investments:

Non Specified Investment Category		Limit (£ or %)
1	<p>Supranational Bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds - These were bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Investment Bank etc)</p> <p>(b) A financial institution that was guaranteed by the United Kingdom Government (e.g. The Guaranteed Export Finance Company {GEFCO}) The security of interest and principal on maturity was on a par with the Government and so very secure, and these bonds usually provided returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond was sold before maturity.</p>	<p>NIL</p> <p>NIL</p>

Non Specified Investment Category		Limit (£ or %)
2	Gilt edged securities with a maturity of greater than one year. These were Government bonds and so provided the highest security of interest and the repayment of principal on maturity. Similar to category 1 above, the value of the bond may rise or fall before maturity and losses may accrue if the bond was sold before maturity.	£1.5M
3	Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies did not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which had a minimum asset size of £500M, but would restrict these type of investments to 6 months	£1M
4	Any bank or building society that had a minimum long term credit rating of AAA, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£2M
5	Any non rated subsidiary of a credit rated institution included in the specified investment category.	NIL
6	Co-operative Bank PLC - The Co-operative Bank was the main recipient of the Councils short term deposits and may at any time hold the majority of the Councils liquid monies	£30M
7	England - Share capital or loan capital in a body corporate – The use of these instruments would be deemed to be capital expenditure, and as such would be an application (spending) of capital resources. Revenue resources would not be invested in corporate bodies.	NIL

Should the Director of Strategic Resources in the future consider any of the instruments which were included within the list with a NIL Limit to be of specific benefit, then a specific report would be brought to Cabinet justifying any amendment to the Investment Strategy as set out above

The Monitoring of Investment Counterparties

The credit rating of counterparties would be monitored regularly. The Council received credit rating advice from its advisers, Butlers, on a daily basis as and when ratings changed, and counterparties were checked promptly. On occasion ratings may be downgraded when an investment had already been made. The criteria used were such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria, or those on the minimum criteria placed on negative Creditwatch, would be removed from the list immediately by the Director of Strategic Resources, and if required new counterparties which meet the criteria would be added to the list.

Resolved: That the Investment Strategy as outlined be approved.

The Meeting terminated at 7.55 p.m.
Mayor