

# APPENDICES



## **STATEMENT ON THE ROBUSTNESS OF THE ESTIMATES AND THE ADEQUACY OF THE FINANCIAL RESERVES – 2007/8 to 2009/10**

### **REPORT OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES - SECTION 151 OFFICER**

#### **Background**

Section 25 of Part 2 of the Local Government Act 2003 requires the Chief Financial Officer or Section 151 Officer to report to members on: -

- The robustness of the estimates.
- The adequacy of the financial reserves.

#### **Robustness of the Estimates**

The Audit Commission as part of our Direction of Travel Assessment reviews the Council's financial arrangements annually and they have not raised any concerns. The Council's Use of Resources Assessment is due to be reported in March.

- Revenue and Capital Estimates are integrated.
- The budget is aligned to the Council's priorities and corporate planning processes.
- A Medium term approach is taken when considering the budget.
- Risk Assessment is embedded at the Council.
- Budget timetables are prepared each year.
- The budget is regularly monitored and reported to Executive Committee.
- The Scrutiny and Executive Committees agreed the budget strategy. The framework has also been presented to other council members and trade union officials.

The budgets and capital programmes are supported by:

- A Capital Strategy and Asset Management Plan.
- Housing Strategy
- Medium Term Financial Strategy
- Treasury Strategy Statement
- Prudential Indicators as required by the Prudential Borrowing Code.
- A risk assessment.

The budget is based on:

- The Community Strategy and Corporate Plans of the Council.
- Assumptions as explained in the report.
- The cost of capital programmes being reflected in revenue accounts.
- Cost pressures and issues facing the Council in the medium to long term.
- The need to maintain low council tax increases.
- The adequacy of reserves to manage the position in the medium to longer term.

Whilst risks have been assessed the Council is heavily reliant on formula grant to finance the Council's services. At this point in time despite a government commitment to provide 3-year settlements for improved financial planning there is little information available in terms of future grant settlements and there are indications that the Comprehensive Spending Review will be delayed.

This could affect future budget stability but for the purpose of 2007/8 the budget is robust. Future budgets will be monitored through our review processes.

## **Adequacy of Reserves**

In recent years the Council has restored the levels of reserves to meet future commitments and tackle the financial pressures as outlined in the budget. Reserves have been recently reviewed and the outcomes are included in budget reports. The Council has taken a decision to use reserves to mitigate risks by supporting the general fund budget in the medium term. The budget report includes information on the general fund reserve position and trends over the last few years.

In the current year the Council agreed to commit further reserves to fund an element of non-recurring items proposed and the £1.5m previously committed will continue to be utilised to achieve service improvements, additional capacity and efficiencies. The General Fund uncommitted reserve is estimated to be around £4.3m at the end of March 2007 falling to just over £4m by 31<sup>st</sup> March 2008 subject to decisions on further utilization. In the interim the Council will reassess risks and if prudent will consider releasing further reserves to improve services during 2007/8. Unfortunately the review of service level agreement reviews by East Durham Homes is still not completed and may impact on reserves.

In saying that the Council will continue to monitor the medium term position stringently and the level of reserves will not be allowed to fall below what I consider prudent and certainly will be retained at levels above CIPFA Guidelines until we are confident the position has stabilized.

## **Efficiency Review**

The Council will achieve the 3-year efficiency target of £1.8m within the timescales.

The Council has however recognised that future efficiencies will be unlikely to be achieved without examining the way in which services are delivered and this will in future mean considering other delivery mechanisms such as shared services. The Council's financial strategy takes account of this and was reflected in the review of reserves.

## **Opinion**

In my view Council's estimates are robust for 2007/8 and the financial reserves are adequate in the medium to long term.

Budgets beyond 2007/8 are less certain as we await the outcomes from the Comprehensive Spending Review 2007, the Local Government Review of Structures and indeed the Lyons Review of Local Government Finance.

The position will continue to be reviewed through the Council's procedures.

***Tom Bell***

**Director of Finance and Corporate Services.**

7<sup>th</sup> February 2007.

## MEDIUM TERM FINANCIAL STRATEGY

### The Strategy

The strategy will provide an overarching framework in which to develop medium to long term financial plans.

1. That broadly the council maximises spend in line with the changes to the Spending Formula (FSS) and taking account of the council tax policy.
2. That resources are directed towards the priorities identified by the Council
3. That bids for future growth within service be initially considered from existing budgets and will be supported by a business case.
4. Major growth to be considered with other bids on a priority basis, each case to be considered on it's merits against other priorities of the council.
5. That services are subjected to value for money reviews to examine cost and efficiency with any identified costs efficiencies being redirected in accordance with council priorities.
6. That in considering council taxes that cognisance is taken of the socio- economic problems of the area and the impact of, high council tax increases on taxpayers on low incomes, the low level of wealth and indeed the low tax base of the area.
7. That through various bodies the Council continues to campaign for a better deal for the Council and deprived areas.
8. That the Director of Finance and Corporate Services monitors the plan taking into account the key issues facing the Council

### Operational Framework

The operational framework is the day-to-day parameters for delivering the strategy. The framework will be subject to regular review.

#### 1. **Balance of Reserves - General Fund**

Within the strategy the Council will maintain a minimum prudent balance of £1.5m to meet unforeseen or unavoidable items of expenditure, which may occur. The balance to be reviewed on an annual basis.

#### 2. ***Use of Reserves above the prudent level***

Reserves in excess of the prudent balance to be used to pump prime initiatives as agreed by the Council and to stabilise the base budget in the short term until the budget is fully integrated with the council's corporate plans.

Such an approach will take pressure off the base budget enabling future revenue savings initiatives to be financed in the short term. =

#### 3.= **Borrowing/Debt repayment**

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That the Council maximises borrowing to enhance the Capital Programme therefore providing investment in the area. As a general rule the Council should not borrow to fund revenue expenditure. =

4.= **Use of Capital Receipts**

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It is proposed that the current policy for the use of capital receipts be continued on the basis that they are pooled and that usage is considered on a corporate basis.

5.= **Fees and charges=**

Existing charges for services are to be reviewed annually in accordance with the council's Trading and Charging Policy.

In considering charges members should be provided with the following information where applicable: -

Current Year Charge	X
Proposed Charge	X
Percentage Increase	X
Estimated Additional Income	X
Income as a % of expenditure	X
Subsidy /Surplus per user (if applicable)	X
Reason for Subsidy (if applicable)	X
Analysis of the impact of the charge	X

SK= **Externally funded initiatives**

Where new initiatives are to be funded in total or in part by external funding a report will be made to the Executive Committee to include the following: -

- The council priority
- The outcomes to be derived together with timescales
- The full financial implications of the initiative
- Exit strategies including human resource/financial implications.

TK= **Efficiency Plans**

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Efficiency plans should be incorporated into service plans as part of the budget setting process. This will entail the identification of efficiencies to the value of 2.5% of budget.

UK= **Value for Money**

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Value for money reviews will be undertaken in accordance with the Council's corporate approach to enable the Council to demonstrate:-

- Cost effectiveness
- High performance
- High customer satisfaction

If VFM cannot be demonstrated to provide reasons why not.

## **MEDIUM TERM FINANCIAL STRATEGY - ASSUMPTIONS**

### **Government Grant**

- Increases are factored in at 2% over the life of the plan. Around £240k per annum.

### **Council Tax increases**

- Although members will wish to debate this in future 3.5% has been factored in from 2008/9.

### **Pay Increases**

- Assumed 2.5% over the life of the plan.

### **Pensions**

- Assumed no increases on expectations from the review of the pensions scheme and the need to reconsider the deficit over a longer period. The next actuarial review will be effective from April 2008.

### **Fees and Income**

- Have been reviewed in line with inflation and where applicable on economic cost.

### **Budget Savings**

- Known potential savings in terms of procurement and insurance is factored in at £150,000 and will be ongoing.

### **Investment and Borrowing**

- Calculations reflect interest rate forecasts, future capital plans and the impact of reducing fund balances and reserves. The impact of capital receipts has been assessed on the basis of forecasts from the Asset/Property Team.

### **Reserves and Balances**

- The position on reserves and balances was reviewed as part of the budget process and general reserves will be used to support the general fund budget over the next 3 years. Reserves of £1.5m were set aside to meet this challenge.

### **Energy/Utility Costs**

- Given the volatility of these costs they will be managed in year. The corporate Procurement Officer will monitor framework agreements through NEPO and other channels.

### **General Inflation**

- Inflation is not allowed on general budget spend and is only permitted on agreed contractual arrangements.

### **Charges for Services**

- Charges for discretionary services are assumed to increase each year by at least the rate of inflation.

### **Vacancy Factor**

- This reflects savings achieved from the filling and non filling of vacant posts and is factored in at around 2.5% of payroll costs for 2007/8 increasing to 3.5% from 2008/9.

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**General Fund – Summary of Requests for Additional Resources for 2007/8**

<b>Service</b>	<b>Description</b>	<b>One off cost 2007/8</b>  £000's <b>Column A</b>	<b>Ongoing Cost</b>  <b>Column B</b>	<b>Impacts Beyond 2007/8</b>  £000's <b>Column C</b>	<b>Comments</b>	<b>Impact on Services</b>
<b>Chief Executive</b>						
Customer Services	Contact centre		100		Approved in year	Increased responsiveness to enquiries from the public.
City Regions	Support for City Regions Concept					
Disability Equality Impact Analysis	Consultancy	10 20				Achievement of level 3 of the Equality standard for Local Government. Compliance with legislation in terms of amendments of the race relations act and the disability discrimination act.
Electoral Registration	District Elections					None
<b>Corporate Services</b>		122				
Personnel/Payroll	Modern Apprenticeship Scheme			50	Review 2009/10	Training provision for school leavers enabling the Council providing future job opportunities in administration.
<b>Regeneration and Planning</b>				Statutory		
Regeneration and Community Development	Staffing restructure		34	206	External funding in place for 2007/8	Future report will consider the impact of external funding ceasing.
Property Services	Staffing restructure		115		Crude assessment at this stage pending report.	Report will address capacity issues in the Asset Management Unit and examine the option to take a more coordinated approach to managing the council assets and buildings.
Planning	Staffing restructure			300	Awaiting final report. Currently financed from planning grant	Proposals will improve the quality of planning decisions and provide resource for planning enforcement.
Asset & Property Management	Community Centre Repairs				Further bid for funding in 2008/9	
Asset & Property Management	Invest to Save	20				Insulation projects to save energy. Payback – 2years. Future savings into services.
Planning & Building Control (Engineers)	Bus Shelter Repair Programme	50				Overall objectives to bring the bus shelters up to a basic level of repair which will improve appearance and allow the existing repairs budget to be used more effectively.
East Durham Business Service	Industrial Ares Re-Use Strategy	20			Bid for capital funding to be submitted in 2008/2009	Feasibility study for strategy to bring back into use a number of sites.
East Durham Business Service	Industrial Estate Improvements	70				Improvement works to the estates to encourage inward investment and business growth.
Regeneration &	Seaham Regeneration					Preparatory work for future capital expenditure 2007/2008 and beyond

Partnerships	Strategy					
Regeneration & Partnerships	Peterlee Regeneration Framework	100				Preparatory work for future capital expenditure 2007/2008 and beyond
Regeneration & Partnerships	East Durham Link Road – Stage 2	80				Preparatory work for future capital expenditure 2007/2008 and beyond
Regeneration & Partnerships	District of Easington Enabling Fund	50				Preparatory work for future capital expenditure 2007/2008 and beyond
Regeneration & Partnerships	Land & Buildings Improvement Programme	100				The programme in the longer run is to bring prioritised sites back on to the land and buildings list for improvement/future development The bid is for research on identified sites, site investigation costs, development briefs and land registry and legal costs. The work will lead to future capital expenditure bids for future years.
<b>Community Services</b>						
Environmental Health & Licensing	Continue Coastal Rangers		50	10	Positions reviewed during 2007/8.	Assists in the cleanliness of the coastline and to encourage public participation.
Neighbourhood Initiatives	Outreach youth support –appointment of Youth Worker.			26	NRF in 2007/8	The post is 1 of 4 provided in partnership with other agencies. Outreach work Is shown to have benefits in signposting young people into activities, engaging young people in identifying solutions to anti social behaviour and therefore incidents should be reduced.
Neighbourhood Initiatives	Youth Worker		10	21	This post was established for 3 years and is subject to a review after that period.	
Environmental Health & Licensing	Graffiti removal service		32		Mainstream the Graffiti Removal Service	The service tackles unsatisfactory levels of graffiti as identified in ENCAMS survey. The positive trend to meet BVPP targets to reduce unacceptable levels of graffiti should be sustained.
Neighbourhood Initiatives	Amateur Swimming Association.	28			Partnership arrangement (LSP,ASA and Council) Secured £180,000 funding over 2 years	To encourage and improve access to swimming through the centres and primary schools. Improve health and tackle obesity. Sustainability by working with swimming teachers and volunteers to develop future programmes
<b>SUB TOTALS</b>			<b>341</b>	<b>613</b>		
Commitments from Previous Years MTFP		<b>790</b>				
<b>GRAND TOTAL</b>		<b>26.6</b>	<b>341</b>	<b>613</b>		

**816.6**

**GENERAL FUND**  
**MEDIUM TERM PLAN 2007/8 to 2009/10**

<b>SUMMARY OF REQUIREMENTS</b>	<b>Net Expenditure 2007/08 £</b>	<b>Net Expenditure 2008/09 £</b>	<b>Net Expenditure 2009/10 £</b>
COMMUNITY SERVICES	8,588,230	8,952,329	8,884,584
REGENERATION & DEVELOPMENT	8,765,350	7,872,326	7,909,507
FINANCE AND CORPORATE SERVICES	510,560	735,131	1,160,531
CHIEF EXECUTIVES	663,770	661,926	677,053
<b>TOTAL COST OF GENERAL FUND SERVICES</b>	<b>18,527,910</b>	<b>18,221,711</b>	<b>18,631,675</b>
Vacancy/Miscellaneous Efficiency Savings	(320,000)	(450,000)	(450,000)
Regeneration Staffing Review	0	240,000	244,800
Recycling Costs - increased costs	0	100,000	100,000
Commodity Efficiencies	0	(100,000)	(100,000)
Insurance Efficiencies	0	(50,000)	(50,000)
<b>TOTAL COSTS TO BE MET FROM GRANTS, COUNCIL TAX &amp; BALANCES</b>	<b>18,207,910</b>	<b>17,961,711</b>	<b>18,376,475</b>
<i>Revenue One-Off's included in the above</i>	<i>816,600</i>	<i>15,000</i>	<i>10,000</i>
<b>PROPOSED FINANCING</b>			
External Support	12,011,000	12,251,220	12,496,244
Council Tax	4,565,930	4,725,738	4,891,138
Collection Fund CT Base Drift	0	60,000	60,000
Collection Fund Surplus	94,127	0	0
Use of Planning Reserve	100,000	200,000	200,000
Committed use of Support Service Reserve	42,600	0	0
Committed use of Reserves (£1.5m)	793,450	335,550	0
Use of Economic Development/Regeneration Reserve	300,803	0	0
Use of General Fund Balance	300,000	0	0
	<b>18,207,910</b>	<b>17,572,508</b>	<b>17,647,383</b>
<b>Surplus / (Shortfall)</b>	<b>0</b>	<b>(389,204)</b>	<b>(729,093)</b>
<b>Projected Level of Unfettered General Fund Balance</b>	<b>4,070,800</b>	<b>3,681,596</b>	<b>2,952,503</b>

**GENERAL FUND**  
**MEDIUM TERM PLAN**  
**SUMMARY BY DIRECTORATE**

<b>DIRECTORATE OF COMMUNITY SERVICES</b>	<b>Net Expenditure 2007/2008 £</b>	<b>Net Expenditure 2008/2009 £</b>	<b>Net Expenditure 2009/2010 £</b>
<b>DESCRIPTION</b>			
Director of Community Services	0	0	0
<b>TOTAL COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Environmental Services</b>			
G/cutting on Verges - Princ. Roads(Defined Area)	0	0	0
G/cutting on Verges - Class. Roads(Defined Area)	0	0	0
G/cutting on Verges- Unclass Roads(Defined Area)	0	0	0
House and Trade Refuse	1,246,260	1,282,236	1,318,503
Special Collection	359,180	368,385	377,525
Footpath Cleansing	895,170	916,926	938,637
Public Conveniences	26,630	27,338	28,077
Bus Shelters	136,590	139,544	142,597
Road Sweeping	104,350	106,400	109,357
Gully Emptying	63,320	66,999	70,589
Inspection of Playground Equipment	0	0	0
General Open Spaces	1,806,910	1,841,289	1,875,168
Operations - Finance Oncost	0	0	0
Building Cleaning Main Office Complex	0	0	0
Building Cleaning Wardens Centres	0	0	0
Building Cleaning Depots	0	0	0
Engineers Workshops - Stores Running Expenses	0	0	0
Petrol Stores Running Expenses	0	0	0
Engineers Wokshops Client Costs	0	0	0
Hackworth Road Depot	0	0	0
Shotton Cleansing Oncost Account	1,130	0	0
Refuse Collection Oncost Account	0	0	0
Cleansing Oncost Account	0	0	0
Horticulture Oncost Account	0	0	0
Workshop Oncost Account	0	0	0
Transport and Plant Account	0	0	0
<b>TOTAL COSTS</b>	<b>4,639,540</b>	<b>4,749,117</b>	<b>4,860,454</b>
<b>Neighbourhood Initiatives</b>			
Sports Development	220,180	224,462	195,395
Peterlee Leisure Centre	1,006,580	1,028,118	1,049,822
Cultural Development	170,440	174,507	178,176
Open Sea Angling Competition	3,620	3,672	3,718
Social Inclusion	187,300	191,755	195,888
Community Safety	140,850	378,477	147,719
<b>TOTAL COSTS</b>	<b>1,728,970</b>	<b>2,000,990</b>	<b>1,770,719</b>

<b>Environmental Health</b>			
Maintenance of Closed Churchyards	108,430	70,037	71,984
Recycling Plan	310,420	316,537	322,819
Hackney Carriage and Private Hire Licensing	15,830	17,343	18,620
Litter Abatement	116,640	119,804	122,550
Air Pollution	57,640	59,759	61,438
Noise Control	62,260	64,374	66,569
Occupational Health	99,980	102,833	105,261
Food and Drugs	144,010	147,688	150,956
Public Health	210,910	215,578	219,813
Rodent and Pest Control	136,420	140,164	143,510
Dog Control	165,070	169,535	173,660
Street Wardens (Anti Social behaviour)	642,490	614,363	628,098
Coast and Cycleway Rangers	51,990	53,189	54,422
Licensing Charges	97,630	111,016	113,712
Environmental Services Unit	0	0	0
Environmental Health Oncosts	0	0	0
<b>TOTAL COSTS</b>	<b>2,219,720</b>	<b>2,202,221</b>	<b>2,253,411</b>
<b>TOTAL COMMUNITY SERVICES</b>	<b>8,588,230</b>	<b>8,952,329</b>	<b>8,884,584</b>

<b>DIRECTORATE OF REGENERATION &amp; DEVELOPMENT</b>	<b>Net Expenditure 2007/2008</b>	<b>Net Expenditure 2008/2009</b>	<b>Net Expenditure 2009/2010</b>
<b>DESCRIPTION</b>	<b>£</b>	<b>£</b>	<b>£</b>
Director of Regeneration & Development Oncost	0	0	0
Grants and Donations	175,380	177,211	179,048
Twinning Expenses	9,070	9,175	9,273
Economic Design & Community Development Oncost	0	0	0
Industrial Promotion	6,480	6,561	6,636
Coalfield Communities Campaign	7,860	7,954	8,043
Capital Overheads (not in totals)	1,101,450	1,119,343	1,134,885
Capital Programme Administration (not in totals)	17,790	18,104	18,404
<b>TOTAL COSTS</b>	<b>198,790</b>	<b>200,900</b>	<b>203,000</b>
<b>Planning and Building Control (inc Municipal Engineering)</b>			
Building Control (Non - Fee Earning)	108,870	111,810	114,415
Building Control	34,400	40,286	44,950
Building Control Oncosts	0	0	0
Local Plans	249,180	357,568	365,102
Development Control	117,210	125,627	132,640
Street Nameplates	17,640	18,126	18,543
Car Parks (Urban)	0	0	0
Snowclearing and Frost Gritting	0	0	0
Footbridges	0	0	0
Road Signs, Crossings & Barrier Rails	0	0	0
Central Paved Area Seaham Running Expenses	0	0	0
Highways Inspector	0	0	0
Vehicular Crossing	18,840	19,949	20,939
Highways General	0	0	0
Routine Maintenance - Principal Roads	0	0	0
Routine Maintenance - B Class Roads	0	0	0
Routine Maintenance - C Class Roads	0	0	0
Routine Maintenance - Unclassified Roads	0	50,000	0
Improvement Schemes	0	0	0
Environmental Enhancement	0	0	0
Reclamation	0	0	0
Clearance of Drains	0	1,180	1,938
Maintenance of Public Conveniences	31,460	31,949	32,376
Coast Protection	149,690	152,123	154,233
Maintenance of Bus Shelters	101,310	52,252	53,046
Maintenance of Streams and Water Courses	16,820	17,298	17,715
Dangerous Structures	46,590	48,526	49,982

Countryside Recreation and Management	172,990	177,604	181,054
Highways and Sewers Oncost Account	0	0	0
Unadopted Roads	0	0	0
Repair and Maintenance to Garage Sites	46,950	48,689	49,966
Municipal Engineering	0	0	0
<b>TOTAL COSTS</b>	<b>1,111,950</b>	<b>1,252,987</b>	<b>1,236,900</b>
<b>Asset and Property Management</b>			
Bus Station - Seaham	4,800	4,945	5,052
Impounding of Horses	0	0	0
General Sundry Rents and Wayleaves	17,320	19,622	21,161
Crimdon Park General Expenses	38,190	40,464	42,652
Easington Office - Bede Street	11,130	11,719	12,346
Horden Office - Sunderland Road	5,670	6,164	6,689
Upkeep of Community Centres	177,640	158,929	159,947
Allotments	11,650	12,218	12,651
Industrial Development General	25,190	25,937	26,508
Corporate Property Account	20,000	0	0
Car Park Security Attendant	0	0	0
Caretakers	0	0	0
Estates Function	0	0	0
Public Buildings	0	0	0
<b>TOTAL COSTS</b>	<b>311,590</b>	<b>279,998</b>	<b>287,006</b>
<b>Housing Strategy</b>			
Luncheon Clubs	11,240	11,580	11,928
Housing Standards	32,820	36,333	39,191
National Key Scheme	680	703	720
Leaseholder Charges	5,610	6,004	6,269
Wardens Services	0	0	0
Provision for the Homeless	336,470	368,233	377,028
Housing Energy Survey	234,680	238,615	242,025
Housing Strategy	146,360	150,405	153,930
Residents Federation Support	12,430	12,964	13,353
Renovation /Disabled Facility Grants Revenue A/C	2,043,120	2,043,704	2,044,265
<b>TOTAL COSTS</b>	<b>2,823,410</b>	<b>2,868,541</b>	<b>2,888,710</b>
<b>Regeneration &amp; Partnerships</b>			
Community Development Programme	347,730	310,908	318,055
Regeneration Inward Investment	3,575,170	2,643,445	2,651,426
<b>TOTAL COSTS</b>	<b>3,922,900</b>	<b>2,954,353</b>	<b>2,969,481</b>
<b>East Durham Business Service</b>	<b>380,520</b>	<b>296,415</b>	<b>302,045</b>
Novus Business Centre	16,190	19,133	22,366
<b>TOTAL REGENERATION</b>	<b>8,765,350</b>	<b>7,872,326</b>	<b>7,909,507</b>

<b>DIRECTORATE OF FINANCE &amp; CORPORATE SERVICES</b>	<b>Net Expenditure 2007/2008</b>	<b>Net Expenditure 2008/2009</b>	<b>Net Expenditure 2009/2010</b>
<b>DESCRIPTION</b>	<b>£</b>	<b>£</b>	<b>£</b>
Director of Finance and Corporate Services	0	0	0
<b>TOTAL COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Democratic Services and Administration</b>			
Registration of Electors	141,250	144,820	147,683
Election Expenses	178,800	112,698	114,114
Civic Ceremonials	10,330	10,576	10,772
Cost of Democracy	861,710	899,320	930,169
Local Land Charges Registration Fees	(57,720)	(54,023)	(51,673)
Subscriptions, Grants and Donations	38,310	38,735	39,148
Funeral Expenses Public Health(Control of Diseases)AC	2,030	2,084	2,127
Postal Franker	0	0	0
Client Typing/Admin Services	0	0	0
Legal Function	0	0	0
Insurance Function	0	0	0
Car Park Security Attendant	0	0	0
Telephonists Function	0	0	0
Democratic Unit	0	0	0
Caretakers Function	0	0	0
<b>TOTAL COSTS</b>	<b>1,174,710</b>	<b>1,154,210</b>	<b>1,192,340</b>
<b>Personnel Services and Payroll</b>			
Flexi-System	0	0	0
Payroll Function	0	0	0
General Personnel Function	48,230	0	0
Health and Safety Function	0	0	0
Personnel Services Oncosts	0	0	0
<b>TOTAL COSTS</b>	<b>48,230</b>	<b>0</b>	<b>0</b>
<b>Information Services</b>			
Computer Expenses - EDC	0	0	0
Printing Function	0	0	0
<b>TOTAL COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Services</b>			
Income Tax	0	0	0
Construction Industry Tax Deduction Scheme	0	0	0
Superannuation(Pension Increase & Additional Benefits)	261,640	264,339	267,034
PWLB Discount	8,390	8,390	8,390
Bank Charges	13,920	14,816	15,442



Loan Management Expenses	8,710	10,068	10,971
Investment Income	(1,105,180)	(974,000)	(822,000)
District Audit Fee	62,390	63,587	65,462
Unapportionable Central Overheads	895,780	921,235	944,832
Finance Unit	0	0	0
Car Loan Administration	0	0	0
Car Leasing Administration	0	0	0
Internal Audit Function	0	0	0
Benefits Administration	181,920	220,172	244,337
Housing/Community Charge/Council Tax Benefits	(410,000)	(396,250)	(381,752)
National Non-Domestic Rates	12,860	12,662	14,159
Rate Relief	85,000	85,850	86,709
Council Tax Administration	626,070	636,381	651,420
Concessionary Bus Fares	1,960,410	2,003,357	2,063,062
Provision for Bad Debts	230,000	232,300	234,623
Housing Act Advances and Improvement Advances	0	(1,025)	(777)
Income Function	0	0	0
Easington Cash Office	0	0	0
Revenues and Benefits Oncosts	0	0	0
<b>TOTAL COSTS</b>	<b>2,831,910</b>	<b>3,101,881</b>	<b>3,401,912</b>
<b>Contingency Sheet</b>	<b>(95,000)</b>	<b>(231,510)</b>	<b>(297,061)</b>
<b>Consolidated Revenue Account</b>	<b>(3,769,290)</b>	<b>(3,739,450)</b>	<b>(3,586,660)</b>
<b>TOTAL FINANCE &amp; CORPORATE SERVICES</b>	<b>190,560</b>	<b>285,131</b>	<b>710,531</b>

<b>CHIEF EXECUTIVES DEPARTMENT</b>	<b>Net Expenditure 2007/2008 £</b>	<b>Net Expenditure 2008/2009 £</b>	<b>Net Expenditure 2009/2010 £</b>
<b>DESCRIPTION</b>			
Press and Public Relations	0	0	0
<b>TOTAL COSTS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Corporate Development</b>			
Corporate Best Value	15,360	15,710	15,992
Corporate Management	566,110	583,945	598,782
District Emergency Plan	55,390	58,965	60,749
Corporate Training	0	0	0
Best Vaue Support	0	0	0
Graphic Design and Technical	20,000	0	0
LSP Support	6,910	3,306	1,530
Customer Services	0	0	0
<b>TOTAL COSTS</b>	<b>663,770</b>	<b>661,926</b>	<b>677,053</b>
<b>TOTAL EXECUTIVES</b>	<b>663,770</b>	<b>661,926</b>	<b>677,053</b>

## **Treasury Strategy Statement and Annual Investment Strategy**

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### **1. Introduction**

The Local Government Act 2003 and supporting regulations requires the Council to “ have regard to “ the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy, as required by Investment guidance issued subsequent to the Act,(section 10) this sets out the Councils policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2007/08 in respect of the following aspects of the treasury management function is based upon the Treasury officers views on interest rates, supplemented with leading market forecasts provided by the Council’s treasury advisors.

The strategy covers:

- The treasury limits in force, which will limit the treasury risk and activities of the Council;
- Prudential Indicators;
- The current treasury position;
- The borrowing requirement;
- The prospects for interest rates;
- The borrowing Strategy;
- Debt Rescheduling;
- The implications regarding East Durham Homes;
- The investments strategy;
- Other Issues.

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires the Council to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from :-

- increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
- any increases in running costs from new capital projects.

Are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

### **2. Treasury Limits for 2007/08 to 2009/10**

It is a statutory duty under Section 3 of the Local Government Act 2003 (LGA 2003) and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales this authorised limit represents the legislative limit specified in Section 3 of the LGA 2003.

The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that capital investment remains within sustainable limits and, in particular, that the impact upon the future council tax/rent levels is acceptable.

Whilst termed an “Affordable Borrowing Limit” the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements. The authorised limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

### 3. Prudential Indicators for 2007/08 to 2009/10

The following prudential indicators are relevant for the purposes of setting an integrated treasury management strategy.

In addition the Council is required to indicate if it has adopted the CIPFA Code of practice on Treasury Management. The Council has customarily considered an annual Treasury Strategy Statement under the requirement of the CIPFA Code of Practice on Treasury Management, which was adopted on 29<sup>th</sup> January 2002.

#### Prudential Indicators

<b>Prudential Indicator</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
	<b>Actual</b>	<b>Probable</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Affordable Borrowing Limit</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Increase in council tax (band D per annum)			0.00	3.30	12.46
Increase in Housing Rent per week			0.05	0.15	0.26
<b>Net Borrowing Requirement</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Brought Forward 1 <sup>st</sup> April	63,562	66,859	66,326	66,652	70,910
Carried forward 31 <sup>st</sup> March	66,859	66,326	66,652	70,910	73,094
In year borrowing requirement	3,297	-533	326	4,258	2,184
<b>In year Capital Financing Requirement</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Non -HRA	-102	-447	-430	3,453	-551
HRA	2,179	1,000	1,000	1,000	1,000
Total	2,077	553	570	4,453	449
<b>Capital Financing Requirement (31<sup>st</sup> March)</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Non- HRA	11,191	10,744	10,314	13,767	13,216
HRA	55,637	56,637	57,637	58,637	59,637
Total	66,828	67,381	67,951	72,404	72,853

#### Treasury Management Indicators

<b>Prudential Indicator</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>
<b>Authorised Limit for External Debt</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	70,250	70,000	73,000	75,000	78,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Total	71,244	71,000	74,000	76,000	79,000
<b>Operational boundary</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	67,400	67,000	70,000	72,000	75,000
Other Long Term Liabilities	1,000	1,000	1,000	1,000	1,000
Total	68,400	68,000	71,000	73,000	76,000
<b>Upper Limit for fixed interest rate exposure</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Net principal re fixed rate borrowing	100	100	100	100	100
<b>Upper limit for variable rate exposure</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>

Net principal re variable rate borrowing	30	30	30	30	30
<b>Upper limit for total principal sums invested for over 364 days (by maturity date)</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
		8,000	8,000	8,000	8,000

<b>Maturity Structure of fixed rate borrowing during 2007/08</b>	<b>Upper Limit (%)</b>	<b>Lower Limit (%)</b>
Under 12 months	4.20	4.02
12 months and within 24 months	1.12	1.07
24 months and within 5 years	11.54	3.83
5 years and within 10 years	18.76	0.64
10 years and above	90.44	64.38

#### 4. Current Portfolio Position

The Council's treasury portfolio position at 23rd January 2007 comprised:

	Principal £'000	Principal £'000	Ave Rate %
<b>Fixed Rate Funding</b>			
PWLB	66,529		
Market	1	66,530	7.13
<b>Variable Rate Funding</b>			
PWLB	0		
Market	110	110	3.75
<b>Total External Debt</b>		<b>66,640</b>	<b>7.13</b>
<b>Other Long Term Liabilities</b>		<b>612</b>	
<b>Total Debt</b>		<b>67,252</b>	
<b>Total Investments</b>		<b>27,524</b>	<b>4.96</b>

No more new debt is to be taken on before the 31<sup>st</sup> March 2007, however a further £314,000 will be repaid, resulting in an external debt figure of £ 66,326,380 at 31<sup>st</sup> March 2007.

It is possible that rescheduling of debt may take place prior to 31<sup>st</sup> March 2007, if this occurs the Other Long Term Liability figure will increase, possibly by £280,000 depending upon interest rates at the time of rescheduling.

Before the 31<sup>st</sup> March 2007 it is anticipated a further £5,000,000 will be invested, however £12,000,000 will mature resulting in an estimated investment balance at 31<sup>st</sup> March 2007 of around £20,000,000.

#### 5. Borrowing Requirement

	2005/06 £'000	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
	Estimate	Actual	Probable	Estimate	Estimate	Estimate
New Borrowing	2,273	2,273	1,000	1,000	1,000	1,000
Alternative Financing Arrangements	0	0	0	0	0	0
Replacement Borrowing	1,727	1,727	-1,000	2,000	4,000	3,000
<b>TOTAL</b>	<b>4,000</b>	<b>4,000</b>	<b>0</b>	<b>3,000</b>	<b>5,000</b>	<b>4,000</b>

## 6. Prospects for Interest Rates

The Council has appointed Sector Treasury Services, as a treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. Appendix 6/1 draws together a number of current City forecasts for short term (bank rate) and longer fixed interest rates. The following table gives the Sector central view, as at 29th January 2007: -

%	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
	%	%	%	%	%	%	%	%	%	
Bank Rate	5.50	5.50	5.25	5.00	5.00	5.00	4.75	4.75	4.50	4.50
5yr PWLB	5.50	5.25	5.00	4.75	4.50	4.50	4.50	4.50	4.50	4.50
10yr PWLB	5.00	5.00	4.75	4.75	4.50	4.50	4.50	4.50	4.50	4.50
25yr PWLB	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
50yr PWLB	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25

The Bank Rate (currently at 5.25%) is expected to peak at 5.5% in the first quarter of 2007 before falling back to 5.25% in Quarter 3 2007, further gradual falls are anticipated to reach 4.5% by Quarter 1 2009 remaining at this level until Quarter 1 of 2010 when a 0.25% rise is anticipated.

## 7. Borrowing Strategy.

The current forecast indicates that the 50 year PWLB rate is expected to remain flat at 4.25%, the 25 to 30 year PWLB rate is expected to stay at 4.5% ,the 10 year rate is expected to fall from 5% to 4.75% and the 5 year rate is expected to fall from 5.5% to 5.25% in quarter 2 2007 and to continue falling until reaching 4.5% in quarter 1 of 2008.

The forecast above indicates that the borrowing strategy should be to take very long dated borrowing, it is anticipated that borrowing of £3,000,000 will be required in 2007/08 the optimum timing at present will be mid year, however this will be determined by the rates prevailing at that time.

It may also be necessary to accommodate borrowing on behalf of East Durham Homes, when access to additional government funding is approved, this will be examined in due course and borrowing will take place as required to meet the requirements for both organisations .

## 8. Debt Rescheduling

As the first fall in Bank Rate is expected in quarter 3 2007, there will be a sharp difference between higher shorter term rates and cheaper long term rates in quarters 2 to 3 of 2007. later on in 2007/08 this advantage will diminish once Bank Rate , and short term rate generally, start falling. There will therefore be opportunity during quarters 2 to 3 of 2007 to restructure short term debt into long term in order to optimise the potential savings achievable in the financial year 2007/08. Any positions taken via rescheduling will be in accordance with the strategy position outline in section 7 above.

In addition the Council will actively give consideration during the year to take advantage of small movements in PWLB rates to reduce the cost of existing debt in the portfolio by reborrowing at lower rates without making significant changes to the type of debt (fixed or variable) or maturity periods.

The reasons for any rescheduling to take place will include:

- o The generation of cash savings at minimum risk; and
- o In order to enhance the balance of the long-term portfolio (amend the maturity

profile and/or the balance of volatility).

CIPFA issued a draft accounting standards document (SORP 2007) on the 18<sup>TH</sup> October 2006, and a final draft in November, which includes potential changes in the treatment of the valuation of debt and investments, the calculation of interest and the treatment of premia and discounts arising from debt rescheduling. There will be a three month consultation period before proposals are finalised. It is also expected that these proposals, once finalised, may make necessary the issue of legislation by the Government to take effect from the 1<sup>st</sup> April 2007 (the DCLG issued draft regulations in November/December 2006). The Authority's treasury management strategy will be reviewed once the final decisions in this area are known to see whether any changes will be required in borrowing, investment or debt rescheduling strategies.

All rescheduling will be reported to the Executive, at the meeting following its action.

## **9. Arms Length Management Organisation.**

The establishment of East Durham Homes from the 1<sup>st</sup> April 2004 has not had a significant effect on the Councils own cash flow requirements, any investment/borrowing decisions will be determined after due consideration of the effects and requirements of the ALMO.

## **10. Annual Investment Strategy**

### **10.1 Investment Policy**

The Council will have regard to the ODPM'S Guidance on Local Government Investments ("the Guidance") issued in March 2004 and CIPFA's Treasury Management in Public Services code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code")

The Councils Investment priorities are:-

- a) the security of capital and
- b) the liquidity of investments.

The Council will also aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

The borrowing of monies purely to invest or on lend and make a return is unlawful and this Council will not engage in such activity.

Investment instruments identified for use in the financial year are listed below under the Specified and Non Specified Investments categories. Counter-party limits will be set through the Councils Treasury Management Practices-Schedules and will vary dependent upon the credit rating of counter-party.

<b>Specified Investments</b>	<b>Redeemable In 12 months</b>	<b>Security/ Minimum Credit Rating</b>	<b>Maximum Period</b>
Debt Management Agency Facility *	Yes	Government Backed	1 year*
Term Deposits UK Government or Local Authorities	Yes	High Security although LA's not credited rated.	1 year
Term Deposits Banks and Building Societies	Yes	**	1 year
Money Market Funds (do not have a maturity date)	Yes	AAA	***
Forward Deals with credit rated banks and Building Societies	Yes	**	1 year in total

\* This facility is currently only available for investments up to 6 months

\*\* The Council is free to determine its own criteria, and as such the Director of Finance has delegated Authority to add to /delete from the Counter party list as appropriate. The Council uses credit ratings as follows:- Fitch Short Term Rating of F1+ and Long Term Rating of AA- , with the following named exceptions:-

Cooperative Bank PLC (F1 and A)  
 Bradford and Bingley Building Society (F1 and A)  
 Anglo Irish Bank (F1 and A)  
 Britannia Building Society (F1 and A+)  
 Northern Rock (F1 and A+)

\*\*\*The period of investment may not be determined at the outset but would be subject to cash flow and liquidity requirements.

<b>Non Specified Investments</b>	Redeemable in 12 months	Security/Minimum Credit rating	Maximum period
Term Deposits UK Government or Local Authorities	No	**	Suggested no longer than 5 years
Term Deposits Banks and Building Societies	No	**	Suggested no longer than 5 years
Forward Deals with credit rated banks and Building Societies	No	**	Suggested no longer than 5 years

As stated above the Council determines its own credit ratings as such for long term borrowings the Council will only invest long term with institutions with a credit rating of F1+ and AA- or above. A separate list of such organisations is held in the Finance Unit and the Director of Finance has delegated Authority to add to /delete from the counter party list as appropriate.

It is currently deemed that the council should have no more than £8,000,000 invested in non –specified investments (i.e. for a period of more than one year). Currently have:-  
 £4,092,255 invested to 10<sup>th</sup> November 2008.  
 and  
 £2,200,000 invested until the 15<sup>th</sup> January 2009.

There are other instruments for specified and non-specified borrowing which the Council would not currently use as they would require specialist advice from an external fund manager, examples of such investments are Certificates of Deposits, Gilts, Commercial Paper, Treasury Bills and eligible bills of exchange. Should the use of such instruments be required it will be necessary to appoint an external fund manager.

The Council uses Fitch credit ratings to derive its criteria. Where a counter party does not have a Fitch credit rating, the equivalent Moody's (or other rating agency) may be used. All credit ratings are monitored on a monthly basis and the Council is alerted to changes to ratings via Sectors credit worthiness service. If a downgrade results in the counter party no longer meeting the councils minimum criteria then further funds will not be invested.

## **10.2 Investment Strategy**

Based on its cash flow forecast, the Council anticipates its fund balances in the financial year 2007/08 to range between £16 and £32 million. The minimum amount that will be held in short term investments will be £8 million.

At this point in time (23rd January 07) there is £14,622,255 invested into the financial year 2007/08.

Counter party	Amount (£)	Maturity Date	Rate
HBOS	4,092,255	10 <sup>th</sup> November 08	4.76%
Allied Irish	4,000,000	10 <sup>th</sup> April 2007	4.69%
Alliance and Leicester	2,000,000	30 <sup>th</sup> April 2007	5.26%



HBOS	2,330,000	4th June 2007	5.31%
HBOS	2,200,000	15 <sup>th</sup> January 2008	5.69%

Interest rate out look: Sector is forecasting Bank Rate to peak at 5.5 % in quarter 1 2007 before falling to 5.25% in quarter 3 2007, to 5% in quarter 4 2007, to 4.75% in quarter 3 2008, and then to trough at 4.5% in quarter 1 2009, remaining at that level before rising again to 4.75 % in quarter 1 2010.

Councils should therefore seek to lock in longer period investments at higher rates before this fall starts for some element of their investment portfolio, which represents their core balances.

For its cash flow generated balances the Council will seek to utilise its business reserve accounts and short dated deposits (over night to three months) in order to benefit from the compounding of interest.

### **10.3 End of year investment report.**

At the end of the financial year, a report on the investment activity will be submitted to Executive, as part of the Annual Treasury Report.

### **11. Other Issues.**

Officers within the Council are carrying out a feasibility study into the replacement of the present council complex. It is not envisaged that this will impact on the borrowing or investment strategy in 2007/08, however due to the significant sums involved it is necessary to highlight the fact that if approved there will be an impact on future years investments and borrowing.

### **12. Recommendations.**

The Committee is requested to note the content of the Treasury Strategy Statement including the Annual Investment Strategy.

### **Background papers/Documents referred to in preparing the report**

Finance Unit spreadsheets

Consultants report on past/future interest rates.



**ECONOMIC FORECASTS****Interest Rates**

The data below shows a variety of forecasts published by a number of institutions. The first three are individual forecasts including those of UBS and Capital Economics (an independent forecasting consultancy). The final one represents summarised figures drawn from the population of all major City banks and academic institutions.

The forecast within the strategy has been drawn from these diverse sources and officers own views.

Individual Banks Forecasts

## Sector View of interest Rate Forecast – 29 January 07

%	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
	%	%	%	%	%	%	%	%	%	%
Base Rate	5.50	5.50	5.25	5.50	5.00	5.00	4.75	4.75	4.50	4.50
5yr PWLB	5.50	5.25	5.00	4.75	4.50	4.50	4.50	4.50	4.50	4.50
10yr PWLB	5.00	5.00	4.75	4.75	4.50	4.50	4.50	4.50	4.50	4.50
25yr PWLB	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
50yr PWLB	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25

## UBS Economic interest rate forecast – January 2007

%	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008
	%	%	%	%	%	%	%	%
Base Rate	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
10yr PWLB	4.85	4.80	4.80	4.80	4.80	4.80	4.80	4.90
25yr PWLB	4.25	4.25	4.25	4.30	4.35	4.40	4.45	4.55
50yr PWLB	4.15	4.15	4.25	4.35	4.40	4.45	4.55	4.65

Capital Economics interest rate forecast—6<sup>th</sup> February 2007

%	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008
	%	%	%	%	%	%	%	%
Base Rate	5.25	5.50	5.50	5.25	4.75	4.50	4.50	4.50
5yr PWLB	5.55	5.15	4.85	4.65	4.45	4.55	4.65	4.75
10yr PWLB	5.15	4.85	4.45	4.45	4.55	4.65	4.75	4.85
25yr PWLB	4.45	4.35	4.25	4.25	4.25	4.35	4.45	4.55
30yr PWLB	4.25	4.15	3.95	4.05	4.05	4.15	4.25	4.35
50yr PWLB	4.05	3.95	3.95	4.05	4.05	4.15	4.15	4.25

**Surveys of Economic Forecasts**

*HM treasury* – January 2007 ( pre Bank Rate increase 11.01.07) summary of forecasts of 26 City and 14 Academic analysts for Qtr 4 2006 and 2007. (2008-2010 are as at November 2006 but are based on 18 forecasts)

	Bank Rate	2006 Quarter 4	2007 Quarter 4	2008 Average	2009 Average	2010 Average
	%	%	%	%	%	%
Independent	5.00	4.96	4.89	4.86	4.88	4.85
Highest	5.00	5.00	6.00	5.90	5.60	6.10
Lowest	5.00	4.50	4.00	3.75	4.00	4.00

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## **PRUDENTIAL CODE FOR CAPITAL FINANCE IN LOCAL AUTHORITIES**

### ***Background***

1. The Local Government Act 2003 abolished credit approvals and replaces them with a local prudential system from 1<sup>st</sup> April 2004.
2. The Council will be free to borrow and take out leases without government consent provided the commitments can be afforded. The new system will require individual local authorities to decide how much they can prudently borrow in line with a Prudential Code which was developed by the Chartered Institute of Public Finance Accountants (CIPFA).
3. Local Authorities will determine their own total level of borrowing in accordance with the Code. Whilst the changes will increase the Council's freedom to borrow it must be remembered that debt has to be repaid and therefore borrowing must be affordable. The level of borrowing to be undertaken will form part of the budgetary process.
4. The code will recognise that in making capital investment decisions, Councils will have regard to:
  - asset management planning
  - strategic planning for the authority - priorities/focus
  - procurement strategy
5. The Capital Strategy will form an integral part of strategic financial & service planning and will support capital investment decisions.
6. The new arrangements will require authorities to integrate capital and revenue budget planning processes so that the decision on borrowing levels can take place on the basis that it is prudent, affordable and can be sustained.

### ***The CIPFA Prudential Code***

7. The Code will play a key role in supporting Councils when they determine capital investment programmes.
8. The following is a summary of the code.

### ***Objectives***

9. The code is to ensure that:
  - capital investment plans are affordable, prudent and sustainable
  - treasury management decisions support the above
  - consistency with and supporting local strategic planning, local asset management planning and proper option appraisal
10. To demonstrate that local authorities have fulfilled these objectives, the Code sets out indicators that must be used and factors that must be taken into account.

11. The indicators are designed to support and record local decision making. The indicators are not for comparison purposes as the level of debt will vary from authority to authority.

### ***Process and Governance Issues***

12. The setting and revising of prudential indicators will be decided by the body setting the budget. This will be the Full Council. The Section 151 Officer will be responsible for ensuring that all matters required to be taken into account are reported.
13. The Section 151 Officer will be required to monitor performance against the indicators.

### ***Matters required to be taken into Account***

14. When the Council sets or revises its prudential indicators, it will have regard to the following:-
  - affordability - implications for Council Tax & rents
  - prudence and sustainability - implications for external borrowing
  - value for money - options appraisals
  - service objectives - corporate plan
  - practicality - are the plans achievable
15. Affordability and prudence is key to the process.

### ***Affordability***

16. This is a fundamental objective and ensures that capital plans and total capital investment remains within sustainable limits. Particular consideration should be given to Council Tax and HRA Rent levels.
17. In considering affordability the Council will need to consider 3-year forecasts of all resources available, capital plans, revenue income and revenue expenditure. This will require 3-year forward estimates of Council Tax and capital expenditure plans. The forecasts will be of a rolling nature and will fit in with the Council's Medium Term Financial Strategy/Forecasts.
18. In considering affordability the authority also needs to take account of risk and uncertainty.
19. Examples of indicators affecting affordability would be: -

- estimated ratios of borrowing costs to total net revenue budget

The above ratio would be compared to the actual at the end of the financial year.

Other indicators would compare the following at each year-end.

- estimates to actual capital expenditure
- estimates to actual capital financing requirement
- estimates to actual debt

### ***Prudence***

20. Prudence is a continuation of affordability and in relation to external debt indicators must be set to take account of affordability. In order to ensure that medium term borrowing will only be for capital purposes it should not exceed the 3-year projection of capital financing requirement.

21. It is also prudent that treasury management is carried out in a professional manner and an indicator of this will be compliance with the CIPFA Code of Practice for Treasury Management in Public Services.

### ***Decision Making on Capital Investment***

22. Capital Programmes must be driven by the desire to provide high quality, value for money public services. The Code recognises that in making capital investment decisions the authority must have specific regard to:-

- ! option appraisal
- ! asset management planning
- ! strategic planning for the Council as a whole
- ! achievability

23. The Code does not specify how Councils should regard the factors, the purpose is to represent good practice and give Councils a device to be able to demonstrate that proposals are affordable, prudent and sustainable.

### ***The Prudential Indicators***

24. The Code promotes transparency by using information contained in the Statement of Accounts and ensuring that indicators are consistent with definitions used in the statement.
25. The indicators specified in the Code are the minimum required, local authorities are encouraged to set more if it would assist.

### ***Conclusion***

26. The above is not exhaustive but gives a flavour of the code.
27. It is clear that although more freedom has been given to local authorities the Code, despite the rhetoric, will be the controlling factor, notwithstanding that Council decisions are subject to Audit Inspection.
28. Setting the prudential indicators are part of the budget process and they are contained Appendix 7/1.





## **PRUDENTIAL SYSTEM OF LOCAL GOVERNMENT CAPITAL FINANCE**

### **PRUDENTIAL INDICATORS FOR 2007/08**

#### **1. Introduction**

This report details the prudential indicators for 2007/08 as required under the Local Government Act 2003. The key objectives of the prudential code are: -

- (i) To ensure that capital investment plans are affordable, prudent and sustainable and
- (ii) To ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability.

The aim of the code is to ensure that any capital investment decisions are made with regard to option appraisals (for major schemes) asset management planning, strategic planning for the authority and the achievability of the forward plan.

The indicators for 2007/08 and future years are shown below.

#### **2. Capital Expenditure Indicator**

The actual capital expenditure that was incurred in 2005/06 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

<b>Capital Expenditure</b>						
	2005/06 £000 Estimate	2005/06 £000 Actual	2006/07 £000 Estimate	2007/08 £000 Estimate	2008/09 £000 Estimate	2009/10 £000 Estimate
Total non-HRA	4,165	4,700	5,012	4,957	5,218	5,068
HRA	10,537	11,400	12,080	9,821	9,701	9,633
<b>Total</b>	<b>14,702</b>	<b>16,200</b>	<b>17,092</b>	<b>14,778</b>	<b>14,919</b>	<b>14,701</b>

#### **3. Ratio of Financing Costs to Revenue Stream**

Estimates of the ratio of financing costs to net revenue stream for the current and future years, actual figures for 2005/06 are included in the table:

<b>Ratio of financing costs to net revenue stream</b>						
	2005/06 Estimate	2005/06 Actual	2006/07 Estimate	2007/08 Estimate	2008/09 Estimate	2009/10 Estimate
Non-HRA	-2.43%	-2.14%	-2.41	-2.07%	-0.81%	0.28%
HRA	18.00%	16.49%	17.69%	17.57%	17.57%	17.96%

The estimates of financing costs include current commitments and the proposals in this budget report. In addition it is assumed that borrowing will take place in 2008/09 to replenish the capital receipts mentioned in section 4 below.

#### **4. Capital Financing Requirement**

Estimates of the end of year Capital Financing Requirements for the authority for the current and future years and the actual Capital Financing Requirement at 31 March 2006 are:

<b>Capital Financing Requirement</b>						
	31/3/06 £000 Estimate	31/3/06 £000 Actual	31/3/07 £000 Estimate	31/3/08 £000 Estimate	31/3/09 £000 Estimate	31/3/10 £000 Estimate
Non-HRA	10,925	11,191	10,744	10,314	13,767	13,216
HRA	55,637	55,637	56,637	57,637	58,637	59,637

The Capital Financing Requirement measures the authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, District of Easington does not associate borrowing with particular items or types of expenditure. The authority has an integrated treasury management strategy and had adopted the CIPFA *Code of Practice for Treasury Management in the Public Services*. District of Easington has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day-to-day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the Capital Financing Requirement reflects the authority's underlying need to borrow for a capital purpose.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* includes the following as a key indicator of prudence:

*"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of Capital Financing Requirement in the preceding year plus the estimates of any additional Capital Financing Requirement for the current and next two financial years".*

The Director of Finance and Corporate Services reports that the authority had no difficulty meeting this requirement in 2005/06 nor are any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

When finalising the year end accounts in 2004/05 it became apparent that temporary revenue savings could be made in future years by applying, as yet, unused capital receipts against the CFR requirement. The sum of £3,860,750 was applied to the Non HRA CFR, resulting in a temporary windfall revenue saving of around £400,000 per annum, this will continue until the monies are required to finance the capital programme when borrowing will be required to replace the receipts used. It is anticipated that this will occur in 2008/09.

#### **5. Authorised Limit for External Debt**

In respect of its external debt, it is recommended that the Council approves the following Authorised Limits for its total external debt gross of investments for the next three financial years, and agrees the reduction of the previously agreed limit for the current year. These limits separately identify borrowing from other long-term liabilities such as finance leases. The Council is asked to approve these limits and to delegate authority to the Director of Finance and Corporate Services, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other

long term liabilities, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the Council at its next meeting following the change.

<b>Authorised limit for external debt</b>				
	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000
Borrowing	70,000	73,000	75,000	78,000
Other long term liabilities	1,000	1,000	1,000	1,000
<b>Total</b>	<b>71,000</b>	<b>74,000</b>	<b>76,000</b>	<b>79,000</b>

The Director of Finance and Corporate Services reports that these Authorised Limits are consistent with the authority's current commitments, existing plans and the proposals in this budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Director of Finance and Corporate Services confirms that they are based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the Capital Financing Requirement and estimates of cash flow requirements for all purposes.

## **6. Operational Boundary for External Debt**

The Council is also asked to approve the following Operational Boundary for external debt for the same time period. The proposed Operational Boundary for external debt is based on the same estimates as the Authorised Limit but reflects directly the Director of Finance & Corporate Services' estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the Authorised Limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The Operational Boundary represents a key management tool for in year monitoring by the Director of Finance and Corporate Services. Within the Operational Boundary, figures for borrowing and other long-term liabilities are separately identified. The Council is also asked to delegate authority to the Director of Finance and Corporate Services, within the total Operational Boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the Authorised Limit. Any such changes will be reported to the Council at its next meeting following the change.

<b>Operational Boundary for external debt</b>				
	2006/07 £000	2007/08 £000	2008/09 £000	2009/10 £000
Borrowing	67,000	70,000	72,000	75,000
Other long term liabilities	1,000	1,000	1,000	1,000
<b>Total</b>	<b>68,000</b>	<b>71,000</b>	<b>73,000</b>	<b>76,000</b>

The Council's actual external debt at 31 March 2006 was £67.47million, comprising £66.86 million borrowing and £0.61 million other long-term liabilities. It should be noted that actual external debt is not directly comparable to the Authorised Limit and Operational Boundary, since the actual external debt reflects the position at one point in time.

## **7. Statutory Limit**

In taking its decisions on this budget report, the Council is asked to note that the Authorised Limit determined for 2007/08(see paragraph 5 above) will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

## **8. Impact on Council Tax**

For 2007/08 there is no additional capital borrowing recommended in this report and therefore no impact on the Council Tax .

Forward estimates for the increase in Band D Council Tax for 2008/09 and 2009/010 are £3.30 and £12.46 respectively. These forward estimates are not fixed and do not commit the Council. They are based on the Council's existing commitments, current plans and the increase in borrowing recommended in this budget report. There are no known significant variations beyond this timeframe that would result from past events and decisions or the proposals in this budget report.

## **9. Impact on Housing Rent**

With respect to the HRA, the average weekly rent that would result for 2007/2008 from the additional borrowing to finance the capital recommended in this budget report is £0.05 per week (based upon 52 weeks). However as the borrowing is in line with that supported under subsidy regime the cost is met by the government.

Forward estimates for housing rents for 2008/09 and 2009/10 are £0.15 and £0.26 respectively. Again, these forward estimates are not fixed and do not commit the Council. They are based on the Council's existing commitments, current plans and the additional borrowing to finance capital recommended in this budget report. There are no known significant variations beyond this timeframe that would result from past events and decisions or the proposals in this budget report.

## **10. Recommendations**

The Council is requested to note the content of the Prudential Indicators report.

**prudential indicators for 2007-08heh**

**MEDIUM TERM FINANCIAL STRATEGY – KEY RISKS****Risk Assessment**

<b>Risks</b>	<b>Impact</b>	<b>Likelihood</b>	<b>Action</b>
Government funding assumption not achieved following the 2007 comprehensive spending review.	High	Medium	Monitor medium term plans Lobby government through ANEC
Pension Fund Contributions may increase.	Medium	Medium	Monitor the position with Durham CC and the Durham Districts following 2007 Actuarial review.
Pay awards vary from assumption.	Medium	High	Inflation over 4% - Robust monitoring of financial plans.
Medium term Financial Plan in deficit. £729K in 2009/10	High	Medium	Regular monitoring of the medium term position.
Claims arising from compensation culture/tribunals	Medium	Medium	Awareness/Challenge the claim/continuous review of management procedures
Impact on borrowing/capital investment of slow down of capital receipts	Medium	High	Increase monitoring of asset disposal – Asset and Property Manager
Capital Programme overspend.	Medium	Medium	Robust monitoring to give early warning.
Future impact of national free concessionary fares scheme uncertain	High	Medium	Monitor the position through Durham district link to Dept of transport
Supporting People – continuing pressure on the grant for Care Services	Medium	High	Robust monitoring of the position.
Government increases responsibilities without financial support	Medium	Low	Robust Monitoring. Maintain regional contacts Lobbying through ANEC/MP
Reduction in Service level Agreements with East Durham Homes impacts on general fund.	Medium	High	Continue to be part of negotiation Robust monitoring .
Income Targets not achieved	Medium	Medium	Monthly monitoring of budgets.
Local government review leads to District being abolished.	High	High	



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**KEY ISSUES FACING THE COUNCIL**

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The 2007 comprehensive spending review is due to be announced in the summer and this will determine future grant allocations. Tight settlements are expected with efficiency targets increasing from 2.5% to 3% per annum. The Lyons Review of local government finance, which formally reports in February, is expected to inform the debate.

The next round of efficiency targets from 2008/9 onwards will be more difficult to achieve than the last round and budgets will require intense scrutiny from a value for money aspect as well as a more radical and strategic view of service delivery options. (Executive Report – 28/11/2006 – Review of the Medium Term Financial Position.

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Concessionary fares are set to become an issue in the CSR07. Members will recall that the Government has plans to have a national travel scheme from 2008 whereby the scheme will be extended from the current arrangements to allow travel to any part of the country. The government estimated the costs to be an additional £250m, which was set aside by the Chancellor. Unfortunately take up from the current arrangements is much higher than anticipated and authorities in other parts of the country are experiencing financial difficulties particularly where costs are based on usage. Our arrangement is fixed for 2 years apart from an inflationary increase for 2007/8. The cost of the scheme is currently reimbursed through formula grant and many authorities make the point that a scheme based on demand should not be funded through a formula, many support specific grants as a way forward to ensure costs are fully reimbursed.

This may become an issue for the Council from 2008 when the current arrangement with the bus companies expires. Although the government has committed a further £250m nationally for the national arrangements this is unlikely to be enough and clearly grant increases of 2%-3% will not cover the costs of increased demand or indeed transport inflation of 6% to 7%, which is affected by oil prices.

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It is important to keep abreast of the economic climate as events throughout the world impact on global financial markets, which in turn impacts nationally and locally.

The *rate of inflation* (excluding mortgages) is currently over 4%. Despite this the Treasury has advised the public sector to hold wage increases at around 2%. For 2007/8 we will make a provision of 2.5%.

Whilst inflation is measured on a basket of goods and services, as energy users we are more directly affected by specific surges in cost. Despite oil prices falling slightly this is not yet fully reflected in diesel and petrol costs and this will impact on the costs of running vehicles and equipment.

Utility costs are expected to rise by around £60,000 in 2007/8.

Inflation is currently high when compared to previous years and the Bank of England has already increased *interest rates* to 5.25% to dampen spend. At the moment commentators are expecting further increases in the 1<sup>st</sup> quarter of 2007 with reductions in the latter part of the year when inflation is expected to fall. Interest rate increases clearly benefits investment returns but potential reductions in cash flow from capital receipts, reserves and external

funding can counter those benefits. Investment income represents around 7% of our budget income and needs careful management.

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The asset value of the Durham County Council Pension Fund has increased from £1bn to around £1.3bn at the end of March 2006 mainly as a result of better investment returns. The increase has had the effect of addressing part of the deficit with the scheme now being 70% funded compared to 60% at the end of March 2006. However it should be remembered that the above results are reflective of the fund as a whole. The position of individual authorities could differ from this and their positions are determined separately.

The fund is due for a further triennial review at the end of March 2007 and the Actuary has over the last few months been trying to assess not only investment returns but the impact of other issues which will affect the fund, in particular lower mortality rates, removal of the rule of 85 and proposed changes to the Local Government Pension Scheme generally, which come into effect in April 2008.

Although the outcome of the review will not be known until around this time next year it is likely that employer rates will need to increase as a result of people living longer. The County Treasurer and the Actuary will consult participating authorities on the outcome of the review and proposals for contribution rates as part of the 2008/9 budget deliberations.

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Despite mainstreaming a significant number of posts over the years the expiry of external funding streams still presents the council with difficulties.

There are significant outstanding issues in regeneration and community development, which are currently being addressed and a report is expected shortly.

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The arms length arrangements have impacted severely on the general fund particularly in relation to service level agreements and accommodation. We need to keep abreast of developments in this area.

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Although significant progress has been made this year and we have been awarded the contract for delivering services in the District the strategic review of supporting people will continue to impact on the council.

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The Council currently earns around £1m. per annum on investment income. This level of income has been earned for a number of years partly as a result of good treasury management but also because of cash flow improvement due to the influx of external funding, capital receipts as a result of asset and property sales and increased reserves. Looking ahead we expect investment income to reduce as a result of reserves being utilized and a potential slow down in asset and property disposals. This impact could be significant when we consider investment income levels of around £500k to £600k 3 years ago.



## Appendix 9

<b>SUMMARY OF REQUIREMENTS 2007/08</b>	<b>Gross Expenditure £</b>	<b>Gross Income £</b>	<b>Net (Income) Expenditure £</b>
COMMUNITY SERVICES	15,771,950	7,183,720	8,588,230
REGENERATION & DEVELOPMENT	14,235,370	5,470,020	8,765,350
FINANCE AND CORPORATE SERVICES	46,384,370	41,485,980	4,898,390
CHIEF EXECUTIVES	2,314,510	1,650,740	663,770
<b>TOTAL COST OF GENERAL FUND SERVICES</b>	<b>78,706,200</b>	<b>55,790,460</b>	<b>22,915,740</b>
Contingency Sheet	(95,000)	0	(95,000)
Superannuation (Pension Increase & Additional Benefits)	496,260	234,620	261,640
Investment Income	0	1,105,180	(1,105,180)
Capital Accounting Reversals	8,159,590	11,928,880	(3,769,290)
<b>TOTAL COSTS TO BE MET FROM GRANTS, COUNCIL TAX &amp; BALANCES</b>			<b>18,207,910</b>

### PROPOSED FINANCING

**2007/08**

Revenue Support Grant	1,726,000
Redistributed Business Rates	10,285,000
Council Tax (2.504% increase) 173.16* 26368.3	4,565,930
Collection Fund Surplus	94,127
Transfer from Planning Reserve	100,000
Use of Economic Development/Regen Reserve	300,803
Use of General Fund Balance	300,000
Committed Use of Reserves (£1.5m)	793,450
Committed Use of Support Service Reserve	42,600

**18,207,910**

**Deficit / (Surplus)**

**0**

**GENERAL FUND ESTIMATES FOR THE YEAR 2007/08**

<b><u>DIRECTORATE OF COMMUNITY SERVICES</u></b>	<b>Gross Expenditure</b>	<b>Gross Income</b>	<b>Net</b>	<b>Inflation</b>
<b>DESCRIPTION</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Director of Community Services</b>	71,110	71,110	0	0
<b>TOTAL COSTS</b>	<b>71,110</b>	<b>71,110</b>	<b>0</b>	<b>0</b>
<b>Environmental Services</b>				
G/cutting on Verges - Princ. Roads(Defined Area)	8,900	8,900	0	0
G/cutting on Verges - Class. Roads(Defined Area)	22,930	22,930	0	0
G/cutting on Verges- Unclass Roads(Defined Area)	14,990	14,990	0	0
House and Trade Refuse	1,521,250	274,990	1,246,260	30,400
Special Collection	389,930	30,750	359,180	8,760
Footpath Cleansing	933,140	37,970	895,170	21,830
Public Conveniences	26,630	0	26,630	650
Bus Shelters	136,590	0	136,590	3,330
Road Sweeping	104,350	0	104,350	2,550
Gully Emptying	205,540	142,220	63,320	1,540
Inspection of Playground Equipment	3,610	3,610	0	0
General Open Spaces	2,472,360	665,450	1,806,910	44,070
Resource Unit	100,980	100,980	0	0
Building Cleaning Main Office Complex	108,170	108,170	0	0
Building Cleaning Wardens Centres	121,290	121,290	0	0
Building Cleaning Depots	26,280	26,280	0	0
Engineers Workshops - Stores Running Expenses	40,270	40,270	0	0
Petrol Stores Running Expenses	7,950	7,950	0	0
Engineers Wokshops Client Costs	384,990	384,990	0	0
Hackworth Road Depot	286,620	286,620	0	0
Shotton Cleansing Oncost Account	1,130	0	1,130	30
Refuse Collection Oncost Account	302,920	302,920	0	0
Cleansing Oncost Account	294,190	294,190	0	0
Horticulture Oncost Account	537,130	537,130	0	0
Workshop Oncost Account	325,860	325,860	0	0
Transport and Plant Account	2,275,470	2,275,470	0	0
<b>TOTAL COSTS</b>	<b>10,653,470</b>	<b>6,013,930</b>	<b>4,639,540</b>	<b>113,160</b>
<b>Neighbourhood Initiatives</b>				
Sports Development	253,610	33,430	220,180	5,370
Leisure Centres - Peterlee & Seaham	1,006,580	0	1,006,580	24,550
Cultural Development	230,960	60,520	170,440	4,160

Open Sea Angling Competition	8,920	5,300	3,620	90
Community Safety	250,230	109,380	140,850	3,440
Social Inclusion	215,640	28,340	187,300	4,570
<b>TOTAL COSTS</b>	<b>1,965,940</b>	<b>236,970</b>	<b>1,728,970</b>	<b>42,180</b>
<b>Environmental Health</b>				
Maintenance of Closed Churchyards	108,430	0	108,430	2,640
Recycling Plan	390,260	79,840	310,420	7,570
Hackney Carriage and Private Hire Licensing	90,830	75,000	15,830	390
Litter Abatement	116,640	0	116,640	2,840
Air Pollution	70,140	12,500	57,640	1,410
Noise Control	62,260	0	62,260	1,520
Occupational Health	99,980	0	99,980	2,440
Food and Drugs	144,010	0	144,010	3,510
Public Health	215,910	5,000	210,910	5,140
Rodent and Pest Control	141,420	5,000	136,420	3,330
Dog Control	165,070	0	165,070	4,030
Street Wardens (Anti Social behaviour)	642,490	0	642,490	15,670
Coast and Cycleway Rangers	51,990	0	51,990	1,270
Licensing Charges	132,630	35,000	97,630	2,380
Environmental Strategy Unit	252,950	252,950	0	0
Environmental Health Oncosts	396,420	396,420	0	0
<b>TOTAL COSTS</b>	<b>3,081,430</b>	<b>861,710</b>	<b>2,219,720</b>	<b>54,140</b>
<b>TOTAL COMMUNITY SERVICES</b>	<b>15,771,950</b>	<b>7,183,720</b>	<b>8,588,230</b>	<b>209,480</b>

<b><u>DIRECTORATE OF REGENERATION &amp; DEVELOPMENT</u></b>				
<b>DESCRIPTION</b>	<b>Gross Expenditure £</b>	<b>Gross Income £</b>	<b>Net £</b>	<b>Inflation £</b>
<b>Director of Regen &amp; Development Oncost</b>	68,170	68,170	0	0
Grants and Donations	175,380	0	175,380	4,280
Twinning Expenses	9,070	0	9,070	220
Economic Design & Community Development Oncost	401,960	401,960	0	0
Industrial Promotion	6,480	0	6,480	160
Coalfield Communities Campaign	7,860	0	7,860	190
Capital Overheads (not in totals)	1,101,450	0	1,101,450	26,860
Capital Programme Administration (not in totals)	17,790	0	17,790	430
<b>TOTAL COSTS</b>	<b>668,920</b>	<b>470,130</b>	<b>198,790</b>	<b>4,850</b>
<b>Planning and Building Control</b>				
Building Control (Non - Fee Earning)	115,870	7,000	108,870	2,660
Building Control	314,400	280,000	34,400	840
Building Control Oncosts	98,890	98,890	0	0
Local Plans	349,180	100,000	249,180	6,080
Development Control	477,230	360,020	117,210	2,860
Street Furniture	17,640	0	17,640	430
Car Parks (Urban)	0	0	0	0
Snowclearing and Frost Gritting	80,920	80,920	0	0
Footbridges	0	0	0	0
Road Signs,Crossings & Barrier Rails	0	0	0	0
Central Paved Area Seaham Running Expenses	0	0	0	0
Vehicular Crossing	64,640	45,800	18,840	460
Routine Maintenance - Unclassified Roads	665,200	665,200	0	0
Improvement Schemes	56,600	56,600	0	0
Environmental Enhancement	0	0	0	0
Reclamation	0	0	0	0
Clearance of Drains	132,230	132,230	0	0
Maintenance of Public Conveniences	31,460	0	31,460	770
Coast Protection	152,660	2,970	149,690	3,650
Maintenance of Bus Shelters	101,310	0	101,310	2,470
Maintenance of Streams and Water Courses	16,820	0	16,820	410
Dangerous Structures	46,590	0	46,590	1,140
Countryside Recreation and Management	172,990	0	172,990	4,220
Highways and Sewers Oncost Account	232,940	232,940	0	0
Unadopted Roads	0	0	0	0
Repair and Maintenance to Garage Sites	72,950	26,000	46,950	1,150
Municipal Engineering	603,380	603,380	0	0

<b>TOTAL COSTS</b>	<b>3,803,900</b>	<b>2,691,950</b>	<b>1,111,950</b>	<b>27,140</b>
<b>Asset and Property Management</b>				
Bus Station - Seaham	6,880	2,080	4,800	120
Impounding of Horses	0	0	0	0
General Sundry Rents and Wayleaves	67,320	50,000	17,320	420
Crimdon Park and Beach Areas	47,190	9,000	38,190	930
Easington Office - Bede Street	15,630	4,500	11,130	270
Horden Office - Sunderland Road	15,270	9,600	5,670	140
Upkeep of Community Centres	177,640	0	177,640	4,330
Allotments	13,650	2,000	11,650	280
Industrial Development General	25,190	0	25,190	610
Corporate Property Account	540,930	520,930	20,000	490
Car Park Security Attendant	31,290	31,290	0	0
Estates Function	338,640	338,640	0	0
Caretakers Expenses	32,720	32,720	0	0
Public Buildings	105,700	105,700	0	0
<b>TOTAL COSTS</b>	<b>1,418,050</b>	<b>1,106,460</b>	<b>311,590</b>	<b>7,590</b>
<b>Housing Strategy</b>				
Luncheon Clubs	11,240	0	11,240	270
Housing Standards	182,820	150,000	32,820	800
National Key Scheme	680	0	680	20
Leaseholder Charges	26,610	21,000	5,610	140
Wardens Services (General Fund Cont)	0	0	0	0
Provision for the Homeless	358,470	22,000	336,470	8,210
Housing Energy Survey	266,680	32,000	234,680	5,720
Housing Strategy	146,360	0	146,360	3,570
Residents Federation Support	12,430	0	12,430	300
Renovation /Disabled Facility Grants Rev A/C	2,043,120	0	2,043,120	49,830
Housing Oncost	334,410	334,410	0	0
<b>TOTAL COSTS</b>	<b>3,382,820</b>	<b>559,410</b>	<b>2,823,410</b>	<b>68,860</b>
<b>Regeneration &amp; Partnerships</b>				
Community Development Programme	347,730	0	347,730	8,480
Regeneration Inward Investment	4,099,440	524,270	3,575,170	87,200
<b>TOTAL COSTS</b>	<b>4,447,170</b>	<b>524,270</b>	<b>3,922,900</b>	<b>95,680</b>
<b>East Durham Business Service</b>	<b>411,720</b>	<b>31,200</b>	<b>380,520</b>	<b>9,280</b>
<b>Novus Business Centre</b>	<b>102,790</b>	<b>86,600</b>	<b>16,190</b>	<b>390</b>
<b>TOTAL REGENERATION</b>	<b>14,235,370</b>	<b>5,470,020</b>	<b>8,765,350</b>	<b>213,790</b>

<b><u>DIRECTORATE OF FINANCE &amp; CORPORATE SERVICES</u></b>	<b>Gross Expenditure</b>	<b>Gross Income</b>	<b>Net</b>	<b>Inflation</b>
<b>DESCRIPTION</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Director of Finance and Corporate Services</b>	42,970	42,970	0	0
<b>TOTAL COSTS</b>	<b>42,970</b>	<b>42,970</b>	<b>0</b>	<b>0</b>
<b>Democratic Services and Administration</b>				
Registration of Electors	141,250	0	141,250	3,450
Election Expenses	268,800	90,000	178,800	4,360
Civic Ceremonials	10,330	0	10,330	250
Cost of Democracy	1,332,580	470,870	861,710	21,020
Local Land Charges Registration Fees	150,280	208,000	(57,720)	(1,410)
Subscriptions, Grants and Donations	38,310	0	38,310	930
Funeral Expenses Public Health(Control of Diseases)AC	2,030	0	2,030	50
Postal Franker	77,520	77,520	0	0
Client Typing/Admin Services	28,560	28,560	0	0
Legal Function	213,890	213,890	0	0
Insurance Function	77,520	77,520	0	0
Democratic Unit	810,620	810,620	0	0
<b>TOTAL COSTS</b>	<b>3,151,690</b>	<b>1,976,980</b>	<b>1,174,710</b>	<b>28,650</b>
<b>Personnel Services and Payroll</b>				
Flexi-System	0	0	0	0
Payroll Function	175,390	175,390	0	0
General Personnel Function	333,870	285,640	48,230	1,180
Health and Safety Function	173,780	173,780	0	0
Personnel Services Oncosts	86,500	86,500	0	0
<b>TOTAL COSTS</b>	<b>769,540</b>	<b>721,310</b>	<b>48,230</b>	<b>1,180</b>
<b>Information Services</b>				
Computer Expenses - EDC	1,057,230	1,057,230	0	0
Printing Function	111,930	111,930	0	0
<b>TOTAL COSTS</b>	<b>1,169,160</b>	<b>1,169,160</b>	<b>0</b>	<b>0</b>
<b>Procurement Services</b>	133,070	133,070	0	0
<b>TOTAL COSTS</b>	<b>133,070</b>	<b>133,070</b>	<b>0</b>	<b>0</b>
<b>Financial Services</b>				
Income Tax	4,000	4,000	0	0
Construction Industry Tax Deduction Scheme	7,000	7,000	0	0
Superannuation(Pension Increase & Additional	496,260	234,620	261,640	6,380

Benefits)				
PWLB Discount	85,700	77,310	8,390	200
Bank Charges	22,930	9,010	13,920	340
Loan Management Expenses	54,870	46,160	8,710	210
Investment Income	0	1,105,180	(1,105,180)	(26,960)
District Audit Fee	157,780	95,390	62,390	1,520
Unapportionable Central Overheads	1,210,780	315,000	895,780	21,850
Finance Unit	392,920	392,920	0	0
Car Loan Administration	2,800	2,800	0	0
Car Leasing Administration	2,680	2,680	0	0
Internal Audit Function	180,460	180,460	0	0
Benefits Administration	1,349,980	1,168,060	181,920	4,440
Housing/Comm Charge/Council Tax Benefits	34,045,000	34,455,000	(410,000)	(10,000)
National Non-Domestic Rates	116,860	104,000	12,860	310
Rate Relief	85,000	0	85,000	2,070
Council Tax Administration	826,070	200,000	626,070	15,270
Concessionary Bus Fares	1,960,410	0	1,960,410	47,810
Provision for Bad Debts	230,000	0	230,000	5,610
Housing Act Advances and Imp Advances	75,550	75,550	0	0
Income Function	85,030	85,030	0	0
Easington Cash Office	90,700	90,700	0	0
Revenues and Benefits Oncosts	131,420	131,420	0	0
<b>TOTAL COSTS</b>	<b>41,614,200</b>	<b>38,782,290</b>	<b>2,831,910</b>	<b>69,050</b>
<b>Contingency Sheet</b>	<b>(95,000)</b>	<b>0</b>	<b>(95,000)</b>	<b>(2,320)</b>
<b>Consolidated Revenue Account</b>	<b>8,159,590</b>	<b>11,928,880</b>	<b>(3,769,290)</b>	<b>(91,930)</b>
<b>TOTAL FINANCE &amp; CORPORATE SERVICES</b>	<b>54,945,220</b>	<b>54,754,660</b>	<b>190,560</b>	<b>4,630</b>

<b><u>CHIEF EXECUTIVES</u></b> <b><u>DEPARTMENT</u></b>	<b>Gross Expenditure</b> <b>£</b>	<b>Gross Income</b> <b>£</b>	<b>Net</b> <b>£</b>	<b>Inflation</b> <b>£</b>
<b>DESCRIPTION</b>				
Communications and Marketing	247,760	247,760	0	0
<b>TOTAL COSTS</b>	<b>247,760</b>	<b>247,760</b>	<b>0</b>	<b>0</b>
<b>Corporate Development</b>				
Corporate Best Value	23,960	8,600	15,360	370
Corporate Management	758,580	192,470	566,110	13,810
District Emergency Plan	55,390	0	55,390	1,350
Corporate Training	50,360	50,360	0	0
Corporate Development Support	448,610	448,610	0	0
Graphic Design and Technical	223,270	203,270	20,000	490
LSP Support	90,610	83,700	6,910	170
Telephonists Function	0	0	0	0
Customer Services Unit	415,970	415,970	0	0
<b>TOTAL COSTS</b>	<b>2,066,750</b>	<b>1,402,980</b>	<b>663,770</b>	<b>16,190</b>
<b>TOTAL EXECUTIVES</b>	<b>2,314,510</b>	<b>1,650,740</b>	<b>663,770</b>	<b>16,190</b>



**ESTIMATES FOR THE YEAR 2007/2008**  
**PARISH/TOWN COUNCIL PRECEPTS**  
**SPECIAL ITEMS**

A/C No.	ESTIMATES 2006/07			ESTIMATES 2007/08			
	PRECEPT 03.32	BAND A 6/9	BAND D 9/9	PRECEPT 03.32	BAND A 6/9	BAND D 9/9	
	£ p	£ p	£ p	£ p	£ p	£ p	
Castle Eden	80321	5,500	13.45	20.17	5,500	12.30	18.45
Dalton-le-Dale	80322	11,400	14.69	22.03	11,685	15.09	22.63
Easington Colliery	80323	331,500	161.13	241.69	321,625	152.96	229.44
Easington Village	80324	97,240	88.79	133.19	100,740	90.84	136.26
Haswell	80325	37,300	45.42	68.13	39,000	46.76	70.14
Hawthorn	80326	3,184	11.93	17.90	3,184	11.15	16.72
Horden	80327	374,602	111.43	167.15	399,909	119.36	179.04
Hutton Henry	80328	28,890	38.71	58.06	30,000	40.36	60.54
Monk Hesleden	80329	225,000	90.47	135.70	230,625	93.42	140.13
Murton	80331	270,640	97.15	145.72	278,759	97.99	146.99
Peterlee	80332	1,102,906	129.23	193.84	1,180,109	138.67	208.01
Seaham	80333	876,744	115.09	172.64	953,722	119.12	178.68
Seaton with Slingley	80334	7,655	12.46	18.69	7,970	12.92	19.38
Shotton	80335	92,000	52.59	78.89	95,000	54.31	81.46
South Hetton	80340	55,000	49.55	74.32	60,500	52.80	79.20
Thornley	80336	97,000	108.69	163.03	101,850	104.93	157.39
Trimdon	80337	57,225	104.27	156.40	58,655	104.86	157.29
Wheatley Hill	80338	105,161	79.00	118.50	106,507	82.13	123.20
Wingate	80339	75,000	48.17	72.26	75,000	45.17	67.76
		3,853,947			4,060,340		



**ESTIMATES FOR THE YEAR 2007/08****STATEMENT OF BALANCES - GENERAL FUND**

	ESTIMATES 2006/07	REVISED ESTIMATES 2006/07	ESTIMATES 2007/08
	£	£	£
Balance at 1st April 2006	4,212,470	6,185,930	
Less earmarked element - use of capital receipt		(328,679)	
Unfettered Balance at 1st April 2006		5,857,251	
<b>ADD</b>			
Receipts from the Collection Fund	4,373,660	4,373,660	
Formula Grant - Revenue Support Grant	9,840,200	9,840,200	
Formula Grant - NNDR Grant	1,889,150	1,889,150	
Collection Fund Surplus	10,110	10,110	
Transfer from earmarked reserves	203,540	503,540	
	20,529,130	22,473,911	
<b>DEDUCT</b>			
Estimated Expenditure 2006/07	16,325,010	16,565,650	
Transfer to earmarked reserves	723,370	1,537,454	
Estimated Balance at 31st March	3,480,750	4,370,807	4,370,807
<b>ADD</b>			
Receipts from Collection Fund			4,565,930
Formula Grant - Revenue Support Grant			1,726,000
Formula Grant - NNDR Grant			10,285,000
Collection Fund Surplus			94,127
Transfer from earmarked reserves			1,236,853
			22,278,717
<b>DEDUCT</b>			
Estimated Expenditure 2007/08			18,207,910
Transfer to earmarked reserves			0
Estimated Balance at 31st March			4,070,807



**ENVIRONMENTAL SERVICES**  
**CHARGES - 2007/2008**

Activity	Description	Position relative to Charging Policy	Power to Trade	Current Charges 2006/2007	Proposed Charges 2007/2008
Vehicle MOT testing	A service for members of the public using specifically trained members of staff and specialist equipment.	Charges are determined to cover costs of the operation. Level of charge is also governed by regulations. Charges are generally higher than those charged by local businesses and therefore do not represent unfair competition.	(S111) Local Government Act	<p><b>Class 4</b></p> <p>Cars up to 8 Seats/ Dual purpose vehicles/ PSV up to 8 seats/Goods Vehicles – 300GVW - £26.00 Private passengers &amp; Ambulances 9-12 seats - £30.00</p> <p><b>Class 4A</b></p> <p>Includes seat belt installation/ check - £35.00</p> <p><b>Class 5 &amp; 5A</b></p> <p>13-16 seats including installation check- £35.00 16 plus seats without installation check - £45.00 16 plus seats with installation check - £70.00</p> <p><b>Class 7</b></p> <p>Goods vehicles up to 3500 GVW - £28.00</p> <p>TAXIS/PRIVATE HIRE VEHICLES - 30.00 RE-TEST FEE - £15.00</p>	<p><b>Class 4</b></p> <p>Cars up to 8 Seats/ Dual purpose vehicles/ PSV up to 8 seats/Goods Vehicles – 300GVW - £30.00 Private passengers &amp; Ambulances 9-12 seats - £35.00</p> <p><b>Class 4A</b></p> <p>Includes seat belt installation/ check - £40.00</p> <p><b>Class 5 &amp; 5A</b></p> <p>13-16 seats including installation check- £40.00 16 plus seats without installation check - £50.00 16 plus seats with installation check - £80.00</p> <p><b>Class 7</b></p> <p>Goods vehicles up to 3500 GVW - £35.00</p> <p>TAXIS/PRIVATE HIRE VEHICLES - £35.00 RE-TEST FEE - £20.00</p>
Steam Cleaning	Cleaning of vehicles for local companies	Service provided to local companies to clean vehicles and equipment prior to repair, inspection or maintenance. Charges are set in agreement with the Council's Finance Unit.	(S111) Local Government Act	Hourly Rate between 2-4 hours  £27.00 plus vat	Hourly Rate between 2-4 hours  £28.00 plus vat

Activity	Description	Position relative to Charging Policy	Power to Trade	Current Charges 2006/2007	Proposed Charges 2007/2008
Brake Testing for HGVs	Carried out using specialist equipment not available elsewhere within the District for local businesses.	Makes use of spare capacity and specialist equipment. Appointments are made to coincide with quiet periods for the equipment. Charges are agreed with the Finance Unit and are set to recover costs. Service is not available elsewhere in the district and is of benefit to local companies in preparing HGVs for MOT testing.	(S111) Local Government Act	Brake Check - £5.00 plus vat per axle Headlamp Aim Check - £4.00 plus vat Smoke Check - £6.00 plus vat	Brake Check - £6.00 plus vat per axle Headlamp Aim Check - £4.00 plus vat Smoke Check - £6.00 plus vat
Removal of an Abandoned Car on Private Land				£105.00 plus vat / per vehicle	£110.00 plus vat / per vehicle
Environmental Reports for Private Companies				£25.00 plus vat / hour	£26.00 plus vat / hour

Activity	Description	Position relative to Charging Policy	Power to Trade	Current Charges 2006/2007	Proposed Charges 2007/2008																																																												
Variety of Licences with Fixed Application Fees				<p>Based on non-domestic rateable value New Licences and conversions:</p> <table border="1" data-bbox="1200 204 1529 512"> <thead> <tr> <th>Band</th> <th>RV £</th> <th>Fee</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>0-4300</td> <td>£100</td> </tr> <tr> <td>B</td> <td>4301-33000</td> <td>£190</td> </tr> <tr> <td>C</td> <td>33001-87000</td> <td>£315</td> </tr> <tr> <td>D</td> <td>87001-125000</td> <td>£450</td> </tr> <tr> <td>E</td> <td>125001 and over</td> <td>£635</td> </tr> </tbody> </table> <p>Annual Charges:</p> <table border="1" data-bbox="1200 571 1411 762"> <thead> <tr> <th>Band</th> <th>Fee</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>£70</td> </tr> <tr> <td>B</td> <td>£180</td> </tr> <tr> <td>C</td> <td>£295</td> </tr> <tr> <td>D</td> <td>£320</td> </tr> <tr> <td>E</td> <td>£350</td> </tr> </tbody> </table> <p>Change of Name or Address to Licence - £10.50</p> <p>Transfer of Licence - £23.00</p> <p>Temporary Event Notice - £21.00</p> <p><i>Statutory Charges could change following consultation.</i></p>	Band	RV £	Fee	A	0-4300	£100	B	4301-33000	£190	C	33001-87000	£315	D	87001-125000	£450	E	125001 and over	£635	Band	Fee	A	£70	B	£180	C	£295	D	£320	E	£350	<p>Based on non-domestic rateable value New Licences and conversions:</p> <table border="1" data-bbox="1704 204 2033 512"> <thead> <tr> <th>Band</th> <th>RV £</th> <th>Fee</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>0-4300</td> <td>£100</td> </tr> <tr> <td>B</td> <td>4301-33000</td> <td>£190</td> </tr> <tr> <td>C</td> <td>33001-87000</td> <td>£315</td> </tr> <tr> <td>D</td> <td>87001-125000</td> <td>£450</td> </tr> <tr> <td>E</td> <td>125001 and over</td> <td>£635</td> </tr> </tbody> </table> <p>Annual Charges:</p> <table border="1" data-bbox="1704 571 1915 762"> <thead> <tr> <th>Band</th> <th>Fee</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>£70</td> </tr> <tr> <td>B</td> <td>£180</td> </tr> <tr> <td>C</td> <td>£295</td> </tr> <tr> <td>D</td> <td>£320</td> </tr> <tr> <td>E</td> <td>£350</td> </tr> </tbody> </table> <p>Change of Name or Address to Licence - £10.50</p> <p>Transfer of Licence - £23.00</p> <p>Temporary Event Notice - £21.00</p> <p><i>Statutory Charges could change following consultation.</i></p>	Band	RV £	Fee	A	0-4300	£100	B	4301-33000	£190	C	33001-87000	£315	D	87001-125000	£450	E	125001 and over	£635	Band	Fee	A	£70	B	£180	C	£295	D	£320	E	£350
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Activity	Description	Position relative to Charging Policy	Power to Trade	Current Charges 2006/2007	Proposed Charges 2007/2008
Grounds Maintenance Work	Tree felling, fencing, grass cutting and Landscaping.	Specialist works as required by the public. For example, to a householder requesting tree surgery due to a complaint by a neighbour, a tree being in a dangerous condition or clearance work in response to a notice served by the Council using statutory powers. Routine maintenance (e.g. Grass Cutting) under annual or longer term contracts to private companies, individuals or clubs/associations who own land that adjacent to highway or open spaces but are not able to maintain their own land economically. Charges are calculated using a schedule of rates that represents actual costs and Contracts are arranged through "Envirocall".	The Well Being Power (S2) Local Government Act 2000	Fixed Hourly Rate: £17.90 plus vat / per man hour plus £5.60 plus vat / per hour for the vehicle	Fixed Hourly Rate: £18.80 plus vat / per man hour plus £5.90 plus vat / per hour for the vehicle
General Building Cleaning	Cleaning buildings for the PCT, East Durham Homes or Housing Associations.	Cleaning of vacant properties prior to being re-let either in the private or public sector.	Local Authorities Goods and Services Act 1970	Fixed Hourly Rate £12.25 plus vat Including materials	Fixed Hourly Rate £12.86 plus vat Including materials
Building Security	Rental of Steel Shutters or electronic alarm systems for void properties.	Service provided using spare capacity to assist with short- term issues such as hospitalisation or in the lead-in period to revitalisation works.	The Well Being Power (S2) Local Government Act 2000	Alarms - Fixed Weekly Rate £22.50 plus vat  Shutters – First 16 Weeks @ £22.50 plus vat per week then dropping to £7.35 plus vat per week.	Alarms - Fixed Weekly Rate £22.50 plus vat  Shutters – First 16 Weeks @ £22.50 plus vat per week then dropping to £7.35 plus vat per week.

Activity	Description	Position relative to Charging Policy	Power to Trade	Current Charges 2006/2007	Proposed Charges 2007/2008
Prepaid Domestic Special Collections	The collection of bulky items of waste from domestic properties where the items collected are not considered to be "domestic refuse". The items would include fixtures and fittings (doors and frames, windows, kitchen cupboards, fireplaces etc) rather than furniture or "disposable" items.	Service carried out in parallel with statutory collection service for household waste – imposition of charges reflects that the items collected are the results of "improvements" and ought to be dealt with by the contractor carrying out the work.		Fixed Charge of £10.00 for up to 5 items.	Fixed Charge of £10.00 for up to 5 items.
House / Refuse Clearances	The collection of waste from void, landloded and business premises.	Service carried out in parallel with the Special Collection Service. Requests would only be accepted by the person / organisation responsible for payment.		£73.00 plus vat per hour (minimum 1 hour & to include travelling time)	£75.55 plus vat per hour (minimum 1 hour & to include travelling time)

Activity	Description	Position relative to Charging Policy	Power to Trade	Current Charges 2006/2007	Proposed Charges 2007/2008
Cleansing Works	Hire of Equipment to carry out works such as road sweeping, gully cleansing, emptying of septic tanks as requested.	Service carried out by cleansing crews with specialised equipment. Requests would only be accepted by the person / organisation responsible for payment.		<u>A minimum of 1 hour would be charged &amp; this would also include travelling time.</u>  Road Sweeper - £53.00 + vat / hour (Normal Hours) Road Sweeper - £65.00 + vat / hour (Overtime Hours) Mini Sweeper - £44.50 + vat / hour (Normal Hours) Mini Sweeper - £53.00 + vat / hour (Overtime Hours) Gully Cleanser - £57.70 + vat / hour (Normal Hours) Gully Cleanser - £70.00 + vat / hour (Overtime Hours) Industrial Cesspool – Emptying Charge - £318.00 plus vat Industrial Cesspool – Disposal Charge - £125.00 plus vat Domestic Cesspool – Emptying Charge - £318.00 Net Domestic Cesspool – Disposal Charge - £125.00 Net  Sale of Wheeled Bins - £35.65 inc VAT	<u>A minimum of 1 hour would be charged &amp; this would also include travelling time.</u>  Road Sweeper - £55.00 + vat / hour (Normal Hours) Road Sweeper - £67.25 + vat / hour (Overtime Hours) Mini Sweeper - £46.25 + vat / hour (Normal Hours) Mini Sweeper - £55.00 + vat / hour (Overtime Hours) Gully Cleanser - £59.75 + vat / hour (Normal Hours) Gully Cleanser - £72.50 + vat / hour (Overtime Hours) Industrial Cesspool – Emptying Charge - £329.25 plus vat Industrial Cesspool – Disposal Charge - £129.50 plus vat Domestic Cesspool – Emptying Charge - £329.25 NETT Domestic Cesspool – Disposal Charge - £129.50 NETT  Sale of Wheeled Bins - £36.72 inc VAT
Cleansing of Dog / Litter Bins	The emptying of bins belonging to Town / Parish Councils or other organisations.	A discretionary service carried out in parallel with street cleansing operations. Contracts would be requested via Envirocall		£3.00 plus vat per bin / per collection.	£3.10 plus vat per bin / per collection.
Removal of a Dead Animal	Removal of a domestic animal which has died.	The service is carried out by the cleansing crew as a means of disposing of a dead domestic pet safely.		Fixed Charge of £20.00 plus vat per animal	Fixed Charge of £20.75 plus vat per animal
Testing of Asbestos	To take a sample from an outbuilding & arrange for analysis by MIS	A discretionary service carried out to assist the public in identifying asbestos and to assist them in arranging the disposal of the asbestos.		£30.00 plus vat	£35.00 plus vat

Activity	Description	Position relative to Charging Policy	Power to Trade	Current Charges 2006/2007	Proposed Charges 2007/2008
Trade Refuse	The regular collection of waste from either a non domestic property or from a domestic property where the waste is not deemed as domestic.	A discretionary service carried out by the council. Service can be carried out from 1 to 5 collections per week with either a single container or combination of containers. Contracts would be requested via Envirocall		Standard Bin Per Year £66.00 + vat Wheeled Bin Per Year £100.00 + vat First Hired Bulk Bin Per Year £336.00 + vat Add Hired Bulk Bin Per Year £262.50 + vat  <b>SCHOOLS</b> Standard Bin Per Year £52.50 + vat Wheeled Bin Per Year £78.75 + vat First Hired Bulk Bin Per Year £315.00 + vat Add Hired Bulk Bin Per Year £262.50 + vat	Standard Bin Per Year £68-50 + vat Wheeled Bin Per Year £105-00 + vat First Hired Bulk Bin Per Year £347-75 + vat Add Hired Bulk Bin Per Year £271-70 + vat  <b>SCHOOLS</b> Standard Bin Per Year £54-35 + vat Wheeled Bin Per Year £81-50 + vat First Hired Bulk Bin Per Year £326-00 + vat Add Hired Bulk Bin Per Year £262-50 + vat
Clinical Waste	The removal of clinical waste from a non domestic property or generated by a business.	A discretionary service carried out in parallel with clinical waste collections from domestic properties.		£3.00 plus vat per bag.	£3.10 plus vat per bag.
Pest Control Services	The treatment of pests / rodents at non-domestic premises.	Service carried out by fully trained Pest Control Officers. Can include preventative treatments as well as reactive ones. This can be carried out as a one off treatment or on a contract basis.		Fixed price for one off treatments; Wasps nests£46.50 plus VAT Flea infestations £90 plus VAT All treatments requiring repeat visits will be subject to a survey and quotation.	Fixed price for one off treatments; Wasps nests£48.00 plus VAT Flea infestations £93 plus VAT All treatments requiring repeat visits will be subject to a survey and quotation.
Dog Warden Services	The collection of unwanted dogs from owners.	A discretionary service offered to residents who no longer want to keep their dog. The dog would be removed from the premise and taken to kennels.		£55-00 per dog  Sale of Poop Scoops - £22-00 plus vat  Dog Chipping – Free of Charge	£57-00 per dog  Sale of Poop Scoops - £22-75 plus vat  Dog Chipping – Free of Charge
Graffiti Removal	The removal of graffiti from commercial and industrial premises.	Service makes use of specialist equipment owned by the Council and used to clear graffiti from public areas. No other similar service is available in the District and the service is provided on a rechargeable basis by means of an hourly rate.	The Well Being Power (S2) Local government Act 2000	£30 plus vat/hour  Chemical: £11.00 plus vat/Litre  (The Operations Manager has discretionary powers to waive/reduce this charge to achieve results if required)	£31 plus vat/hour  Chemical: £11.40 plus vat/Litre  (The Operations Manager has discretionary powers to waive/reduce this charge to achieve results if required)

## Glossary of Terms

### *Aggregate External Finance (AEF)*

The total level of support Government provides to local authorities. It is normally made up of Revenue Support Grant, specific and ring fenced grants and grant redistributed from National Non Domestic Rates.

### *Area Cost Adjustment*

The scaling factor applied to the formula to reflect higher costs - mostly pay in some council areas.

### *Budget Requirement*

The amount each authority estimates it will spend after deducting any funding from reserves and any income it expects to raise other than council tax and grants.

### *Business or National Non Domestic rates*

The means by which local businesses contribute to the cost of providing local authority services. Rates are paid into a central pool and then divided between authorities on the basis of the number of residents each authority has.

### *Council Tax*

A local tax set on domestic property

### *Damping/Floors and Ceilings*

Damping is used to describe the way the phasing of changes to the Formula Spending Share, (FSS). It limits the effects the changes may have on council tax levels and allows authorities time to adjust to the changes. The damping mechanism is the floors and ceilings arrangement.

### *Fixed Costs*

An element of a Council's costs which do not vary in size. Mainly consists of the costs of the corporate and democratic core and sometimes described as the costs of being in business, not the costs of doing business.

### *Formula Grant*

Comprises of Revenue Support Grant and redistributed business rates grant

### *The Local Government Finance Settlement*

Is the annual determination of formula grant distribution as made by the Government and debated in Parliament. It includes

- S the totals of formula grant
- S how the grant will be distributed between authorities and
- S the support given to other local government bodies.

### *Net Revenue Expenditure*

Is an authority's budget requirement and use of reserves.

### ***Precept***

This is the amount of council tax income the County Council, Parish Councils and the Police Authority need to provide their services. They levy the precept on the Billing Authority, which collects the tax. *Easington is a billing authority.*

### ***Precepting Authority***

An authority, which sets a precept to be collected by the billing authorities. Durham County, the Durham Police Authority and the Parish Councils are precepting authorities for the District.

### ***Reserves***

Is a Council's surplus income in excess of expenditure and can be used to finance future spending.

### ***Revenue Expenditure***

Is day-to-day or recurring expenditure financed by AEF Grants, council taxes and reserves.

### ***Revenue Support Grant***

A government grant plugging the gap between the Council's FSS and the amount it should receive from Assumed National Council Tax and redistributed business rates.

### ***Ring Fenced Grant***

A grant paid to an authority, which has conditions, attached to it, which restricts the way it, which it can be used.

### ***Specific and Special Grants***

Specific formula grants, targeted or ring fenced grants are sometimes referred to as specific or special grants. A specific grant is paid under a specific legislative power whereas a special grant uses a general power to pay grants.

### ***Specific Formula Grant***

A grant distributed outside the formula grant distribution system but with no conditions attached.

### ***Targeted Grant***

A type of ring-fenced grant, which has conditions, attached which specify a broad outcome.

### ***Total Assumed Spending***

The amount of spending by local government as a whole, which the government is prepared to support through grants. Formerly Total Standard Spending.