

THE MINUTES OF THE MEETING

WITH REPRESENTATIVES OF THE BUSINESS COMMUNITY

HELD ON 6 MARCH 2007 TO DISCUSS THE COUNCIL'S BUDGETS FOR 2007/2008

Present: **District of Easington**
J Johnson – Chief Executive
Councillor P G Ward – Executive Member for Resources
D Temple – Head of Financial Management
J Hughes – Accountancy Manager

Business Representatives
J Cunningham – BHK (UK) Limited
J Almond – Eden Farm Limited

J Johnson, Chief Executive welcomed everyone present and advised that the purpose of the meeting was to consult with representatives of the Business Community on the District Council's budgets for 2007/8.

A report had been circulated which summarised the General Fund budget for 2007/8 and the Medium Term Financial Plan for 2007/8 – 2009/10.

The business representatives, present Mr Almond and Mr Cunningham, referred to the volume of information provided. D Temple, Head of Financial Management appreciated their concerns that there was a lot of detail provided but that it would be difficult to condense without affecting the overall picture of the Council's budgetary position. However he would look at this for next years meeting.

In briefing Mr Almond and Mr Cunningham, D Temple explained that legislation required Chief Financial Officers to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provided.

He explained that the Medium Term Plan covering the period 2007/8 – 2009/10 was set against the Council's medium term financial strategy framework as detailed in Appendix 2. The Plan was linked to the Council's corporate priorities and objectives together with the Corporate Plan and Community Strategy. The Plan was reviewed at the half year stage, taking into account emerging issues from the 2007/8 budget process. This had realised efficiencies of £240k.

During the process the levels of reserves were reviewed, details of which were given in the report. Requests for additional resources were valued at £1.157m of which £341k were recurring costs and would be included in future base budgets. He referred to the table in section 3.5.20 which outlined the position on general reserves taking account of recommended changes. These would be reviewed year on year within the life of the Plan.

The budget requirement which included Parish and Town Council precepts of £4.06m amounted to £20.73m. The demand on the Collection Fund would be £8,626,270 after accounting for a net collection fund surplus of £94,127.

Taking account of the budget proposals reserves were estimated to be just over £4.37m at 31 March 2007 and just over £4m at 31 March 2008 subject to further review. The report also took account of a council tax increase of 2.5% agreed in 2006/7. Last year the Council gave a commitment to a two year settlement and this had been achieved. Charges for environmental services had also been reviewed and these were detailed in Appendix 10.

Meeting with Representatives of the Business Community – 6 March 2007

He then proceeded to brief Mr Cunningham and Mr Almond on the Medium Term Financial Strategy for 2007/8 – 2009/10. He explained that medium term financial planning covered three year periods and allowed finances to be planned in a structured way by forecasting resource availability and balancing this against improvement and investment needs. He advised that two thirds of the Council's funding was from central government and because of uncertainties in central government funding the key to financial stability was to effectively manage the base budget. A three year financial strategy also assisted by allowing the Council to revisit assumptions.

By the next financial year the Council would have formalised a revised Corporate Plan for 2007/8 – 2009/10. By working with partners through its leadership of the East Durham Local Strategic Partnership, a shared vision for the future of the District and its people had been established. The financial plan would describe the specific contribution the District of Easington would make over the next three years in achieving this vision.

The 2006/7 – 2008/9 Strategy had been reviewed – in November 2006 with an overview of issues emerging. Corrective action was taken to bring financial plans back on track and this was reflected in the 2007/8 budget where the base was balanced without the unplanned use of reserves.

He then proceeded to identify the key issues and assumptions considered in preparing the strategy for 2007/8 – 2009/10 and these were detailed in the report. These assumptions would be reviewed over the life of the plan and managed although it was appreciated that future local government financial settlements were unknown despite central government expectations on medium term planning. Full details were set out in Appendix 3 in the report.

Appendix 4 identified areas of additional resources for 2007/8 and he added that the review had identified that it was likely that significant efficiencies would have to be identified in future which would require a radical change in service delivery. Local government restructuring proposals over the period of the plan would influence this position. The report also provided details of savings identified as achievable over the life of the plan.

With regard to the Housing Revenue Account he advised that the Council had received a reasonable settlement for 2007/8 and section 7.3 in the report summarised the budgetary position for the year. The Council had also agreed to finance the capital programme to a value of £14.777m and section 8 in the report showed how this programme was to be allocated.

In response to a question from J Cunningham in relation to reserves, D Temple advised that budget holders submitted a monthly monitor giving progress of spend against their budgets. If savings were achieved these were identified as reserves. A level of £1.5m was considered prudent and the Council's reserves currently stood at just over £4m.

Reserves were a contingency for any new services that the Council may be expected to provide. For example, there would be costs to the Council of enforcement following the introduction of the new smoking legislation due in July 2007. Examples of earmarked reserves included the Local Authority Business Growth Incentives Scheme. This three year scheme aimed to reward local authorities who had succeeded in increasing their business base. A first payment of £408k had been awarded which had been included in a regeneration reserve to reinvest in businesses. An announcement had just been received that an additional £1.474m was to be awarded. This amount would be used to attract new businesses and to support and develop existing businesses in the District. Additional alternative sources of funding would be explored to enhance this award.

J Almond asked for an update on the proposals for the North East Industrial Estate, Peterlee. J Johnson advised that a planning application was expected around June 2007. Discussions

Meeting with Representatives of the Business Community – 6 March 2007

were ongoing with the developers as part of the process to assist the businesses currently located on the Industrial Estate.

J Cunningham asked what publicity was given to the low level of council tax increases which he felt could contribute to attracting people and businesses to live and work in the area. J Johnson confirmed that the Council made every effort to promote its financial stability, however publicising the District's Council Tax levels did prove to be a difficult task as the overall council tax bill also included the precepts of other agencies.

Mr Almond and Mr Cunningham were thanked for their attendance and it was **AGREED** that the information given in relation to the District Council's budgets for 2007/8, be noted.

JE/MA/com gen/070301
12 March 2007