

Agenda Item 5(a)

STATUS PUBLIC

Portfolio Member/Director/Head of Service Councillor Dennis Southwell/ Paul Darby	Portfolio Finance
Subject ANNUAL REVIEW OF FEES AND CHARGES 2008/09	Date 13 FEBRUARY 2008
	Forward Plan No
Contact Officer Paul Darby (Director of Financial Services), Tel: 0191 3018622 : Email: pdarby@durhamcity.gov.uk	Previous Minutes N/A
Purpose of Report The fees and charges set out in the attached appendices have been taken into account in the preparation of the draft 2008/09 budgets, which will be considered by Council on 26 th February 2008. The purpose of the report is to provide members with a schedule of the proposed fees and charges for 2008/09.	
Executive Summary Fees and charges are levied for a significant number of the Council's services and these are set for a range of purposes. Some charges are statutory in nature and as such set at prescribed rates, whereas others are discretionary and set on the basis of local commercial decisions. In order to maintain a balance between the Council's level of expenditure and its income, these fees and charges are reviewed annually to allow for inflation, changes in service provision, demand etc. For 2008/09 fees and charges have been increased by 5%, other than where they prescribed or where previous decisions have been made (for example with City Care charges where the increase applied is in line with the business plan linked to the tendering exercise last year) or the review of the charge is not due in 2008/09 (Hackney Carriage licences for example). To improve tourist access to Durham there will be no charge levied on the coach park in 2008/09. Due to the commercial nature of the Gala Theatre and the need to regularly review the level of charges, the determination of charges for this facility is devolved to the Leader of the Council, in consultation with the Chief Executive and the Director of Financial Services. This flexibility has proved extremely successful in recent years, resulting in reduced operating costs. Ticket prices will continue to be at the discretion of the Chief Executive in consultation with Theatre Producers in 2008/09.	
Portfolio Member Recommendations or items Requiring a Cabinet Decision That Cabinet approve the schedule of Fees and Charges set out in Appendix A	
Reasons for Recommendations To maximise the Council's revenue income and provide effective use of resources, thereby limiting impact of the general Council Tax and Rent Payers within the District.	

Alternative Options to be Considered

The schedule of Fees and Charges set out in Appendix A have been proposed in order to maximise revenue income, or comply with legislative requirements, whilst not impacting unduly on demand, usage and access to those services. Members will note that it is proposed that a number of fees and charges are not increased next year.

The proposals are based on market intelligence and decreasing the charges proposed would result in a reduction in budgeted income next year, whereas increasing fees and charges above the levels proposed could have a detrimental impact on usage.

Consultation

Each budget is assigned to a responsible officer and relevant Director / Head of Service – these are deemed the “budget holders”. Officers involved in the provision of these services have been fully involved in developing proposals in terms of changes to the Fees and Charges levied in the current year. An overall summary of Fees and Charges (as set out in Appendix A) has been considered by Officers Management Team in the preparation of the draft budgets for 2008/09.

The Council’s Scrutiny Committee considered the draft schedule of Fees and Charges at its meeting on 7 February 2007 as part of the scrutiny of the overall budget framework. Feedback on any issues raised will be given to members at the Cabinet meeting.

Financial, Legal and Risk Implications

There are no specific legal risks associated with this report. All statutorily prescribed charges have been included, based on available information at the time of preparing the draft budgets for 2008/09.

The Council meets a material proportion of its revenue costs from the income derived from its fees and charges. Failure to maintain an inflationary increase in these charges where applicable would result in higher levels of council tax or service reductions. In the commercial environment, the level of charge can affect the effectiveness of the service provided and excessive increases in sensitive areas can result in loss of income. The report to Cabinet on the 2008/09 budget framework includes a full risk assessment of the financial assumptions taken in preparing the budget. A significant feature of this being the capacity to realise income budgets.

Routine (monthly / quarterly) budgetary control processes and other internal controls, such as the monitoring of usage and demand, ensure that effective monitoring of performance against income budgets is maintained within the year.

Resource Implications

The draft 2008/09 Revenue and Capital Budgets include all additional income expected from the increase in fees and charges set out in Appendix A.

Timescale for Action

The Fees and Charges set out in Appendix A will apply from 1 April 2008.

Associated Policies and Plans

- (Draft) Revenue and Capital Budgets 2008/09 (To be considered by Council 26/02/08);

Supporting Documents

- Appendix A – Schedule of Proposed Fees and Charges 2008/09

Background Papers

- Revenue and Capital Budget Working Papers 2008/09; and
- Agresso Financial Management System – Monthly Budgetary Control Reports

This page is intentionally left blank

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
1 TOWN HALL CHARGES*		
a	Large Hall, Small Hall & Kitchen	
	Standard Rate	£55.00
	Charity Rate**	£48.00
	Commercial Rate	£100.00
b	Large Hall	
	Standard Rate	£46.00
	Charity Rate**	£43.00
	Commercial Rate	£75.00
c	Small Hall & Kitchen	
	Standard Rate	£33.00
	Charity Rate**	£30.00
	Commercial Rate	£50.00
*	Charge per hour - minimum of 3 hours. Monday - Saturday	
**	Fund raising functions, the total proceeds of which are for charitable, political, religious, musical, dramatic, educational sporting or youth organisation purposes. The total proceeds of any such functions must be allotted to the purpose of which the Town Hall is hired. The charges relate only to the rooms and associated equipment. Hirers are responsible for setting out rooms to their requirements. Rooms and equipment must be left in the same condition as found. Adequate time must be booked to include preparation and removal time i.e. from the time entering the building to the time leaving the building. Please Note: a The Small Hall must be hired when the bar and/or kitchen is required. b The charges relate to hires from Mondays - Saturdays. c The Executive Director is authorised to decide charges for hire on Sundays, Bank Holidays or other public holidays. d If Bar is hired a refundable deposit of £250.00 is payable in advance. Statutory Authority for Making Charge: Section 145 (2) Local Government Act 1972 Section 19(2) Local Government (Miscellaneous Provisions) Act 1976	
2 DATA PROTECTION PROCEDURES		
	Fees for a copy of personal data held under each separate registration under the Act. Statutory Authority for Making Charge: Section 21 (2) Data Protection Act 1998	£10.00
3 SALE OF COUNCIL MINUTES		
a	Per Volume (Exclusive of postage & VAT)	£30.00
b	Per Page (Exclusive of postage & VAT)	£0.50
	Fees payable in advance. Statutory Authority for Making Charge: Section 100 h (1) A and (2) B Local Government Act 1972	£31.50 £0.55
4 ALL CASH PRIZE MACHINES		
	Statutory Fee Statutory Authority for Making Charge: Section 34 Gaming Act 1968	£250.00
5 LOCAL LAND CHARGES		
	Total fee including statutory fee of £6.00	£154.50
	Differential Charges:	
	NLIS Applications	£126.69
	Other Charges:	
	Part Two question	£7.50
	Solicitors own question	£11.50
	Additional parcel of land	£12.50
	Personal Search (statutory fee)	£11.00
	Statutory Authority for Making Charge: Section 8 (1) Local Land Charges Act 1975	£162.23 £133.02 £7.88 £12.08 £13.13 TBC
6 HACKNEY CARRIAGE / PRIVATE HIRE VEHICLE LICENCES		
	Private Hire Licences (Including Plate Rental)	£320.00
	Hackney Carriage Licence	£320.00
	Where vehicle is wheelchair accessible	£320.00
	Horse Drawn Hackney Carriage	£258.00
	Driver Licences (Renewable Annually) for either of the above.	£67.00
	Combined Hackney Carriage/Private Hire Drivers	£128.00
	Replacement Badge (If required)	£26.00

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
Transfer Vehicle	£72.00	£72.00
Operators Licence	£124.00	£124.00
Personalised Plate	£12.50	£12.50
Plate Deposit	£34.00	£34.00
Locality Test		
Exempt from VAT	£10.00	£10.00
Statutory Authority for Making Charge:		
Section 53(2) and 70 (1&2) Local Gov.(Misc Provision) Act 1976		
7 SMALL LOTTERIES AND AMUSEMENTS		
New Applications	£35.00	N/A
Renewals	£17.50	N/A
Statutory Authority for Making Charge:		
Section 1 and Schedule 1 Local Gov.(Misc Provision) Act 1976		
8 LICENCE FEES FOR ALCOHOL, ENTERTAINMENT AND LATE NIGHT REFRESHMENT		
Rateable value		
No rateable value to £4,300		
£4,301 to £33,000		
£33,001 to £87,000		
£87,001 to £125,000		
£125,001 and above		
Rateable value bands		
Main Application Fee		
Main Annual Charge		
A multiplier is applied to premises in bands D and E where they are exclusively or primarily in the business of selling alcohol (mainly large town and city centre pubs):		
Band		
City/town centre pub application fee		
City/town centre pub annual charge		
Additional fee for exceptionally large events:		
Number in attendance at any one time		
5,000 to 9,999	£1,000.00	£1,050.00
10,000 to 14,999	£2,000.00	£2,100.00
15,000 to 19,999	£4,000.00	£4,200.00
20,000 to 29,999	£8,000.00	£8,400.00
30,000 to 39,999	£16,000.00	£16,800.00
40,000 to 49,999	£24,000.00	£25,200.00
50,000 to 59,999	£32,000.00	£33,600.00
60,000 to 69,999	£40,000.00	£42,000.00
70,000 to 79,999	£48,000.00	£50,400.00
80,000 to 89,999	£56,000.00	£58,800.00
90,000 and over	£64,000.00	£67,200.00
No fee is payable for Church Halls, Chapels, Village Hall Community Centres, Schools.		
Personal Licences, Temporary Events and Other Fees		
Personal licence	£37.00	£38.85
Temporary Event Notice	£21.00	£22.05
Theft, loss, etc. of premises licence or summary	£10.50	£11.03
Application for a provisional statement where premises being built, etc.	£195.00	£204.75
Notification of change of name or address	£10.50	£11.03
Application to vary licence to specify individual as premises supervisor	£23.00	£24.15
Application for transfer of premises licence	£23.00	£24.15
Interim authority notice following death, etc. of licence holder	£23.00	£24.15
Theft, loss, etc. of certificate or summary	£10.50	£11.03
Notification of change of name or alteration of rules of club	£10.50	£11.03
Change of relevant registered address of club	£10.50	£11.03
Theft, loss, etc. of temporary event notice	£10.50	£11.03
Theft, loss, etc. of personal licence	£10.50	£11.03
Duty to notify change of name or address	£10.50	£11.03
Right of freeholder, etc. to be notified of licensing matters	£21.00	£22.05
Statutory Authority for Making Charge:		
Licensing Act 2003		

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
Note Licence fees structure changed substantially during 2005/06. Previous fee structure has not been shown as comparison is not meaningful.		
9 GAME DEALERS LICENCES		
Statutory Authority for Making Charge: Section 18 Game Act 1831 Section 17 (3) Local Government Act 1894 Section 179 Local Government Act 1972 Exempt from VAT	£75.00	£78.75
10 VEHICLE EXAMINATIONS		
Statutory Authority for Making Charge: Section 111 Local Government Act 1972 This does not authorise MOT testing for privately owned vehicles, but the Department of Transport will not issue a Licence to a Vehicle Testing Station unless the Testing Station uses its facilities to serve members of the general public at large.		
11 DEVELOPMENT CONTROL ITEMS		
a Development Control committee reports	£0.00	£0.00
b Copies of planning / building regulation Certificates:- 1) Initial copy	£25.00	£26.50
2) Subsequent copies	£10.00	£10.50
c Weekly Planning Lists	£0.00	£0.00
Plus VAT at the appropriate rate Statutory Authority for Making Charge: Section 100H (1)A AND (2)B Local Government Act 1972		
12 BUILDING CONTROL		
i Charges for works to provide one or more rooms in an existing roof space having a floor area under 20m2 (New Fee) Plan Examination Inspection	£145.00 £290.00	£155.00 £310.00
ii Charges for works to provide one or more rooms in an existing roof space having a floor area over 20m2 but under 60m2 (New Fee) Plan Examination Inspection	£145.00 £435.00	£155.00 £460.00
iii Charges for any notifiable domestic electrical works only (New Fee) Plan Examination & Inspection combined	£150.00	£160.00
iv That schedule 2 charges are revised as follows:- Erection or extension of a garage or carport having a floor area under 40m2 Plan examination & Inspection combined	£145.00	£155.00
Erection or extension of a garage or carport having a floor area between 40m2 and 60m2 Plan examination Inspection	£145.00 £145.00	£155.00 £155.00
Extension to a dwelling having a floor area under 10m2 Combined examination & inspection Plan examination Inspection	£0.00 £145.00 £145.00	£0.00 £155.00 £155.00
Extension to a dwelling having a floor area between 10m2 & 40m2 Plan examination Inspection	£145.00 £290.00	£155.00 £310.00
Extension to a dwelling having a floor area between 40m2 & 60m2 Plan examination Inspection	£145.00 £435.00	£155.00 £460.00

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
Any replacement of windows, rooflights, and doors to a dwelling		
Plan examination & Inspection combined	£75.00	£80.00
All charges are inclusive of VAT		

FEES & CHARGES 2008/09		
13 PLANNING	Actual Charge 2007/08	Proposed Charge 2008/09
e Outline Applications (Dwellings and Other Buildings)		
i Where the site area does not exceed 2.5 hectares per 0.1 hectare (or part thereof) of the site area	£265.00	£265.00
ii where the site area exceeds 2.5 hectares, additional for each 0.1 hectare in excess of 2.5 hectares up to maximum of £25,000	£6,625.00 £80.00	£6,625.00 £80.00
f Full Applications and Applications for approval of reserved matters		
Alterations or extensions to existing dwelling houses		
a where the application relates to one dwelling house	£135.00	£135.00
b where the application relates to 2 or more dwelling houses	£265.00	£265.00
Erection of dwelling houses		
a Per dwelling house created by development up to 50 units Maximum fee £13,250	£265.00	£265.00
b Over 50 units additional charge for each dwelling in excess of 50 units up to a maximum of £50,000	£13,250.00 £80.00	£13,250.00 £80.00
Erection of buildings (other than dwellings, plant and machinery, agricultural buildings, incidental to the enjoyment of a dwelling including gates, fences, walls and car parks, roads, means of access to a single undertaking)		
i Works creating floorspace £135	£135.00	£135.00
ii Works not creating more than 40m2 of additional floorspace £135	£135.00	£135.00
iii Works creating 40-75 m2 of additional floorspace £265	£265.00	£265.00
iv Works creating 75m2 or part thereof of floorspace or more £265 for each 75m2 up to a maximum fee £13,250	£13,250.00	£13,250.00
v where the area of gross floor space exceeds 3750m2 £13,250 and additional £80 for each 75m2 in excess of 3450m2 up to a maximum in total of £50,000	£50,000.00	£50,000.00
Erection of Agricultural Buildings		
i Where the area of gross floor space to be created by the development does not exceed 465m2, £50	£50.00	£50.00
ii Where the area of gross floor space to be created by the development exceeds 465m2 but does not exceed 540m2, £265	£265.00	£265.00
iii Where the area of the gross floor space exceeds 540m2, £265, plus an additional £265 for each 75m2 in excess of 540m2 up to a maximum of £13,250	£13,250.00	£13,250.00
iv Where the area of gross floor space exceeds 4215m2, £13250, an additional £80 for each 75m2 in excess of 4215m2 up to a maximum in total of £50,000	£50,000.00	£50,000.00
Erection of agricultural glasshouses		
i Where the gross floor space to be created by the development does not exceed 465m2, £50	£50.00	£50.00
ii Where the gross floor space to be created by the development exceeds 465m2, £1,495	£1,495.00	£1,495.00
Erection, alteration or replacement of plant and machinery		
i Where the site area does not exceed 5 hectares, £265 for each 0.1 hectare or the site area	£265.00	£265.00
ii Where the site area exceeds 5 hectares, £13,250 and an additional £80 for each 0.1 hectare in excess of 5 hectares up to a maximum in total of £50,000	£50,000.00	£50,000.00
Operations (including buildings) in courtilage of dwelling for purposes ancillary to its enjoyment or erection of gates, fences, wall as boundary to dwelling	£135.00	£135.00
Applications for prior approval of permitted telecommunications development	£265.00	£265.00
Applications for approval of reserved matters where the full rate appropriate to the development has already been paid for the site through earlier applications (same applicant only)	£265.00	£265.00
CHANGES OF USE		
The making of a material change of use of a building or land	£265.00	£265.00
Change of use of a building to one or more separate dwellings £265 per additional dwelling created. Maximum fee £13,250, plus £80 for each additional dwelling in excess of 50 units up to a maximum of £50,000	£50,000.00	£50,000.00

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
13 PLANNING (Continued)		
OTHER APPLICATIONS		
Renewal of permissions not yet expired or not yet begun	£135.00	£135.00
Applications for determination as to whether prior approval is needed for the siting, design and external appearance of agricultural or forestry buildings and operations, and for the separate demolition of a building	£50.00	£50.00
Car parks, service roads or other access for existing use	£135.00	£135.00
Playing fields (for sports clubs or other non-profit making recreational bodies) 1`	£265.00	£265.00
Other engineering or other operations on land £135 for each 0.1 hectare of the site area, subject to a maximum of £1,350	£1,350.00	£1,350.00
Continuance of use of land or retention of buildings or works without complying with a condition, or variation of a condition	£135.00	£135.00
Applications for determination of whether planning permission is required (sec. 192) seek advice - the fee is half the amount that would be payable in respect of an application for planning permission		
Application for Certificate of Lawful Use or Existing Development (sec. 191a and or b) seek advice - the same amount that would be payable in respect of an application for planning permission		
ADVERTISEMENTS		
- relating to the business of the premises	£75.00	£75.00
- advance signs directing the public to a business	£75.00	£75.00
- other advertisements	£265.00	£265.00
CONCESSIONARY FEES AND EXEMPTIONS		
1 Alternative applications made at the same time by the same applicant The highest fee applicable for each alternative plus 50% of the sum of the fees for the alternative(s)		
2 Applications by Parish Councils - 50% of the scale charges		
3 Extensions or alterations to a disabled person's dwelling house for the purpose of providing means of access to or within, or of providing facilities designed to secure their greater safety health or comfort - No fee	No Fee	No Fee
4 The carrying out of operations to provide access for disabled persons to or within a building or premises to which members of the public are admitted - No fee	No Fee	No Fee
5 Applications required by reasons of an Article 4 Direction - No fee	No Fee	No Fee
6 Applications required because of the removal of permitted development rights by a condition attached to a planning permission, where planning permission would not normally have been required - No fee	No Fee	No Fee
7 Only one revised application by the same applicant on the same site for development of the same character or description within 12 months of the determination of an earlier application or within 12 months of the making of an application which has been withdrawn (not outline applications) - No fee (provided a fee was paid for original application)	No Fee	No Fee
8 Application for Listed Building or Conservation Area Consent - No fee	No Fee	No Fee
9 Application to top or fell trees subject to a tree preservation order, or to remove a hedgerow - No fee	No Fee	No Fee
10 Consents required by a condition (other than 'reserved matters') - No fee	No Fee	No Fee
14 ORDINANCE SURVEY FEES (Fixed by Ordnance Survey)		
Initial charge for map extract	£12.67	£12.67
Royalty charge for additional copies	£0.46	£0.46
Admin charges per copy (Subject to a £4.00 minimum). Excluding VAT.	£0.85	£0.85
Statutory Authority for Making Charge: Section 19(2) Local Gov.(Misc Provision) Act 1976		
15 COPIES OF LOCAL PLAN		
Local residents (Excluding postage)	£20.00	£21.00
Others (Excluding postage)	£50.00	£52.50

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
Copy on floppy disk (Excluding postage & VAT) Statutory Authority for Making Charge: Section 19(2) Local Gov.(Misc Provision) Act 1976	£45.00	£47.25
16 LICENCE FOR TATTOOING, EAR PIERCING, ACUPUNCTURE AND ELECTROLYSIS		
Per Premises (Exempt from VAT) Per Operator (Exempt from VAT) Statutory Authority for Making Charge: Section 15(6) Local Gov.(Misc Provision) Act 1982	£113.00 £75.00	£118.65 £78.75
17 RODENT/PEST CONTROL		
a Contract Cases Standard Annual Contract (6 Bait stations & servicing) Rats per bait station Mice per bait station (Subject to a minimum charge of £84.00)	£90.00 £1.60 £1.10	£95.00 £1.70 £1.15
b Non-contract cases Call out treatment - Commercial premises Non public health pests - domestic premises Installation and monitoring of flying / crawling insect types (any subsequent treatment charged at appropriate rates)	£60.00 £30.00 £15.00	£63.00 £31.50 £16.00
All charges exclude VAT Statutory Authority for Making Charge: Section 5-7 Prevention of Damage by Pests Act 1949		
18 STREET TRADERS CONSENT		
a Occasional consent (for periods not exceeding 28 days)	£113.50	£119.18
b Single Operator Consent (Annual Fee)	£227.00	£238.35
c Fleet Operator Consent (Annual Fee) For each additional van, cart, barrow, stall or other vehicle included in the application.	£227.00 £113.50	£238.35 £119.18
d Plate fees Deposit Rental All charges exempt from VAT Statutory Authority for Making Charge: Section 3 Schedule 4 (9)(1) Local Gov.(Misc Provision) Act 1982	£42.00 £50.00	£44.10 £52.50
19 OTHER CHARGES		
a Hire of Sewer Camera	£75.00	£79.00
b Sampling of bathing water per visit PLUS Bathing water per sample Spa / Jacuzzi per sample	£40.00 £10.00 £15.00	£42.00 £10.50 £16.00
c New Motor Salvage Operators Registration	£70.00	£73.50
d Food Hygiene Training Courses Excl. of VAT Statutory Authority for Making Charge: No statutory authority but rely on Section 111 Local Government Act 1972.	£30.00	£31.50
20 LICENCES		
a Pet Shops	£91.00	£95.55
b Boarding Kennels	£91.00	£95.55
c Dog Breeding Establishments	£82.00	£86.10
d Riding Establishments	£91.00	£95.55
e Dangerous Wild Animals Statutory Authority for Making Charge: Section 1 Pet Animals Act 1951 Section 1 (2) Animal Boarding Establishments Act 1963 Section 1 (2) Breeding of Dogs Act 1973 Section 1 (2) Riding Establishments Act 1964 Section 1 (2) Dangerous Wild Animals Act 1976	£97.00	£101.85
f HMO - Applicants Fee	£100.00	£105.00
g HMO - Property Licence (per household / letting) Statutory Authority for Making Charge: Housing Act 2004 - Section 63	£170.00	£178.50
21 CAR PARKS		
a Sands (Mon - Sat 8.00am - 6.00pm) Up to 2 hours Up to 3 hours Up to 4 hours Up to 5 hours Up to 6 hours	£1.20 £1.80 £2.40 £3.00 £3.60	£1.30 £1.90 £2.50 £3.20 £3.80

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
Over 6 hours	£6.00	£6.30
Christmas Day / New Years Day / Boxing Day/ Sundays (Per visit)	£1.20	£1.30
Mini-buses / Caravans - Per bay occupied rates as above.		
b Coach Park		
Per Visit	£5.00	Free
c Sidegate (Fram Waterside)		
Monday to Saturday (8.00 am - 6.00 pm)	£3.00	£3.10
After 6.00 pm and Sundays (per visit)	£1.20	£1.20
Mini-buses / Caravans - Per bay occupied		
d Providence Row (Mon - Sat 8.00am - 6.00pm)		
Up to 2 hours	£1.20	£1.30
Up to 3 hours	£1.80	£1.90
Up to 4 hours	£2.40	£2.50
Up to 5 hours	£3.00	£3.10
Up to 6 hours	£3.60	£3.70
Over 6 hours	£6.00	£6.20
Standard Charge	£50.00	£52.00
Notes		
All car parking charges are inclusive of VAT		
The standard charge applies where a person has failed to display a ticket, has overstayed the period for which the ticket was purchased or has breached the parking regulations. Charge of £50.00 introduced by virtue of City of Durham (Off Street Parking Places) Order 1995. Discount charge of £25.00 in paid with 7 days		
Statutory Authority for Making Charge:		
Highways Act 1987		

FEES & CHARGES 2008/09			Actual Charge 2007/08	Proposed Charge 2008/09
22 GARAGE SITES				
a	Where access road is made up		£48.50	£51.00
b	Where site is adjacent to side road		£36.00	£38.00
c	Where site has no made up access road		£24.00	£25.00
	All charges exempt from VAT			
	Statutory Authority for Making Charge:			
	Housing Act 1985			
23 HOUSING REPAIRS RECHARGES				
a	Window pane replacement (per square foot)			
	Single pane		£5.50	£5.80
	Double glazing		£7.80	£8.20
	Subject to minimum charge of £20.00 inclusive of any temporary boarding			
b	Contribution to cost of bath		£360.50	£378.50
c	Replacement of locks			
	Yale cylinder		£24.60	£25.80
	Mortise s lever		£39.30	£41.30
d	Additional locks			
	Yale cylinder		£30.50	£32.00
	Mortise s lever		£53.70	£56.40
e	Electrical Items			
	Additional socket		£90.40	£95.00
	Cooker unit		£111.40	£117.00
	Conversion of single to double socket		£44.70	£47.00
	Housing Revenue Account meets any costs above recharge			
	All charges exclude VAT			
	Statutory Authority for Making Charge:			
	Section 9 (2) Housing Act 1985			
24 USE OF COMMUNAL HALLS / WARDEN CONTROLLED CENTRES				
	Funeral Teas			
	Other approved uses. (Per session: Max 4 hours)		£17.50	£18.50
	Use as Day Centre (Over 4 hours)		£30.00	£31.50
	All charges exempt from VAT			
	Statutory Authority for Making Charge:			
	Section 19 (1) D Local Gov.(Misc Provision) Act 1976			
25 TENANCY REFERENCES				
	References requested for Building Societies etc in respect of Council House		£37.00	£39.00
	Sales, existing mortgages, or similar items			
	Charge inclusive of VAT			
	Statutory Authority for Making Charge:			
	No statutory authority but rely on Section 111 Local Government Act 1972.			
26 DOG BINS				
a	Supply and installation		£142.50	£150.00
b	Emptying weekly - per annum		£165.00	£173.00
	All charges exclude VAT			
	Statutory Authority for Making Charge:			
	Environmental Protection Act 1990			
27 OUTDOOR RECREATIONAL FACILITIES				
a	Tennis and Bowls*			
	Adults			
	Per hour per person		£1.35	£1.45
	Per half hour per person		£0.80	£0.85
	Children / Pensioners			
	Per hour per person		£0.80	£0.85
	Per half hour per person		£0.50	£0.55
	Season Tickets			
	Adults		£0.00	£0.00
	Children / Pensioners		£0.00	£0.00
	Matches - Hourly charge per person as above			
b	Putting*			
	Adults		£1.05	£1.10
	Children / Pensioners		£0.55	£0.60
c	Cricket			
	Match+		£22.50	£23.50
	Season*		£273.00	£287.00
d	Football / Rugby (Without Changing)			
	Match+		£18.50	£19.50
	Season*		£218.50	£230.00
	Football / Rugby (With Changing)			
	Match+		£21.00	£22.00
	Season*		£312.50	£328.00
	Football / Rugby (With Changing & Showers)			
	Match+		£33.00	£34.70

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
Season*	£438.00	£460.00
Junior Teams		
Match+	£0.00	£0.00
Season*	£197.50	£207.00
Junior Clubs		
Season	£300.00	£315.00

FEES & CHARGES 2008/09			Actual Charge 2007/08	Proposed Charge 2008/09
e	Coxhoe all weather area			
	Team Sports per hour		£25.00	£26.50
	Tennis Singles per hour		£8.00	£8.50
f	Other Use of Pitches			
	Sports Days, Jazz Bands, Galas etc (Per day)		F.O.C	
	Note			
	* Exempt from VAT			
	+ Charge excludes VAT.			
	Statutory Authority for Making Charge:			
	Section 19(2) Local Gov.(Misc Provision) Act 1976			
28 SWIMMING				
a	General			
	Swimming			
	Adults Season Ticket - Transitional upto July 08		£110.00	£140.00
	Adults Season Ticket - Freeman's Quay from Aug 08		N/A	£150.00
	Adults Season Ticket Off Peak - Freeman's Quay from Aug 08		N/A	£114.00
	Adults Season Ticket - Freeman's Quay Passport/Discount available		N/A	TBC
	Adults Season Ticket (Discounted)		£50.00	£52.50
	Children's and Senior Citizens Season Ticket		£60.00	£63.00
	Children's and Senior Citizens Season Ticket (Discounted)		£30.00	£31.50
	Adults		£2.70	£2.80
	Adults - Freeman's Quay		N/A	£3.40
	Adults - Freeman's Quay Off Peak		N/A	£2.60
	Children		£1.40	£1.50
	Children - Freeman's Quay		N/A	£1.50
	Senior Citizens		£1.40	£1.50
	Freeman's Quay Passport/Discount available		N/A	TBC
	Club DC Members at all times - Freeman's Quay		N/A	£1.90
	Spectators			
	Adults		£0.80	£0.85
	Children/Senior Citizens/Unemployed		£0.40	£0.45
	Towel Hire		£3.50	£3.70
	Hire Of Baths (Per Hour)			
	Large Pool*		£60.00	£63.00
	Large Pool - Freeman's Quay Full - Commercial		N/A	£120.00
	Large Pool - Freeman's Quay Full - Standard		N/A	£90.00
	Large Pool - Freeman's Quay Half - Commercial		N/A	£80.00
	Large Pool - Freeman's Quay Half - Standard		N/A	£50.00
	Large Pool - Freeman's Quay per Lane - Commercial		N/A	£20.00
	Large Pool - Freeman's Quay per Lane - Standard		N/A	£12.50
	Small Pool*		£45.00	£47.50
	Small Pool - Freeman's Quay - Commercial		N/A	£70.00
	Small Pool - Freeman's Quay - Standard		N/A	£40.00
	* Surcharge of 25% for commercial / professional organisations			
	Rates for organisations working in sports development			
	Large Pool		£30.00	£31.50
	Large Pool - Freeman's Quay Full - Development		N/A	£50.00
	Large Pool - Freeman's Quay Half - Development		N/A	£24.00
	Large Pool - Freeman's Quay per Lane - Development		N/A	£6.50
	Small Pool		£22.50	£23.50
	Small Pool - Freeman's Quay - Development		N/A	£24.00
b	Hire Of Baths - Parties			
	Large Pool		£110.00	£115.00
	Small Pool		£70.00	£73.50
	Based on 2 hour sessions			
c	Swimming Lessons			
	Children - (half hour)		£3.00	£3.20
	Adults - (1 hour)		£4.00	£4.20
	Aqua-aerobics		£3.30	£3.50
	Freeman's Quay - Full Member (Gold)		N/A	£420.00
	Freeman's Quay - Gold Passport		N/A	TBC
	Freeman's Quay - Off Peak Member (Silver)		N/A	£324.00
	Freeman's Quay -Silver Passport		N/A	£240.00
	Freeman's Quay - Couples Gold Only		N/A	£65.00
	Freeman's Quay - Family Scheme for couples only (per child/month)		N/A	£5.00
	Statutory Authority for Making Charge:			
	Section 19(2) Local Gov.(Misc Provision) Act 1976			
29 LEISURE CENTRES				
a	Badges		£2.80	£3.00
b	Squash Per Court 40 mins			
	Adult		£6.00	£6.30
	Junior		£3.00	£3.20
c	Table Tennis per hour		£4.00	£4.20
d	Fitness Room Hire			

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
Abbey		
Casual Usage	£5.50	£5.80
Annual Membership	£250.00	£262.50
Casual Intro	£15.00	£16.00

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
Other Centres		
	£230.00	£241.50
	£15.00	£16.00
Annual fee may be paid by monthly standing order, via Leisure Finance, who charge a £15.00 administration fee to the customer.		
e		
	£4.00	£4.20
	£8.00	£8.40
	£16.00	£16.80
	£9.00	£9.50
	£11.50	£12.00
	£64.00	£68.00
	£50.00	£52.50
f		
Weights Room		
	£3.50	£3.70
	£10.00	£10.50
g		
Shower & Changing Only		
	£1.60	£1.70
	£0.80	£0.85
	£0.80	£0.85
h		
Sauna (Per 2 hours)		
	£5.80	£6.10
	£4.00	£4.20
	£4.00	£4.20
i		
Multi sensory room (Deerness Sports Centre)		
	£6.00	£6.30
	£5.50	£5.80
	£10.00	£10.50
	£15.00	£16.00
All charges inclusive of VAT		
Statutory Authority for Making Charge:		
Section 19(2) Local Gov.(Misc Provision) Act 1976		
30 CEMETERIES (BURIALS)		
Part I Internment's		
1		
a	Free	Free
b	Free	Free
c	£244.50	£257.00
d	Plus 75%	
2	£85.00	£89.00
Fees indicated for the various items 1 and 2 include digging of the grave, and turfing after internment.		
Part II Exclusive rights of burial in earthen graves		
	£212.50	£223.00
	£85.00	£89.00
Part III Walled graves and vaults		
	£424.50	£445.00
	Plus 100%	Plus 100%
Part IV Additional charges in respect of burials		
a	£21.00	£22.00
b	Plus 50%	Plus 50%
Part V Monuments, gravestones, tablet and monument inscriptions		
1		
a	£80.00	£84.00
b	£80.00	£84.00
c	£80.00	£84.00
d	£50.00	£52.50
2	£27.00	£28.50
	£27.00	£28.50
30 CEMETERIES (BURIALS - Continued)		
Part VI Registration and search fees		
	£27.00	£28.50

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
Part VII Grave digging For Parish Councils / Church Authorities (Cost agreed per occasion) All charges Exempt from VAT Statutory Authority Making Charge: Schedule 26 (Paras. 12-14) Local Government Act 1972 (As amended by Local Authorities Cemeteries Order 1977) (S.I.204)		
31 FLORAL DECORATIONS		
Local traders: Made up hanging baskets including watering Charge inclusive of VAT Statutory Authority for Making Charge: Section 19 Local Gov.(Misc Provision) Act 1976	£41.50	£43.50
32 WEEKEND FAIRS		
Charge Statutory Authority for Making Charge: Section 19 Local Gov.(Misc Provision) Act 1976	£216.50	£227.50
33 CASH COLLECTION - CREDIT CARD		
Fee for payment by credit card charge Statutory Authority for Making Charge: Section 19 Local Gov.(Misc Provision) Act 1976	1.50%	1.50%
34 CHARGE FOR PROVISION OF INFORMATION (PLANNING SERVICES)		
Enquiries from agents / solicitors requesting plans or other info (Staff time plus oncosts. Min charge £50.00) Copies of entry in register All charges inclusive of VAT Charges can be waived for enquiries from students needing information for part of their course of studies. Statutory Authority for Making Charge: Section 19 Local Gov.(Misc Provision) Act 1976	£50.00	£50.00
	£10.00	£10.00
35 GALA THEATRE		
Main Auditorium Capacity 500 (fully seated) or 800 (Standing Stalls Area & a Seated Circle) (Hire For Commercial & Profit Making Reasons) Tariff A - per day (Get In, Performance & Get Out)	£1,030.00	£1,030.00
(Hire For UK Registered Charity Reasons) Tariff B - per day (Get In, Performance & Get Out) (This <u>includes</u> 8 hours of time per day for each of Three Technicians)	£515.00	£515.00
Additional Charge - per day - for Use of Venue prior to 1.00pm (This <u>includes</u> an additional 4 hours of time per day for each of Three Technicians)	£260.00	£260.00
Both Tariffs are subject to the following additional charges Net Box Office Income per performance Credit Card Receipts Charge (On Total Net Income) Performing Right Society Charge (On Net Income) Additional Staff Costs to be deducted from final settlement Additional Technical Equipment Hire on your behalf will be chargeable.	10% 2.82% 3%	10% 2.82% 3%
The Tariff band into which the event falls will be at the discretion of the Theatre Management , who also retain the right to alter the Tariffs at any time.		
Studio 1 Capacity: 80 (Theatre Style) or 50 (Cabaret Style) or 30 (Board Room Style) or 150 (Standing) or 200 (Fire Regulations Absolute Maximum) Hire per half-day session	£140.00	£140.00
Studio 1 Maximum Capacity: 10 Hire per full day	£52.00	£52.00
The Blue Room Available weekdays from 9.00am-1.00pm, subject to cinema screenings This can be offered in either theatre-style or flat-floor configurations. Maximum Capacity: 72 Hire per half-day session	£140.00	£140.00
35 GALA THEATRE (Continued)		
Cinema Maximum Capacity: 114		

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
<p>Film Screening can be booked for a group (50+) per head Films can be hired specifically for your event. Prices available on request</p> <p>Fees & Charges (Excluding ticket prices*) to be set at the discretion of the Leader of the Council following consultation with the Chief Executive and the Director of Corporate Finance.</p> <p>* Ticket prices to be at the discretion of the Chief Executive in consultation with the producers.</p> <p>Statutory Authority for Making Charge: Section 19 (2) Local Gov.(Misc Provision) Act 1976</p>		
36 SEX ESTABLISHMENT LICENCES		
<p>Statutory Authority for Making Charge: Section 19 Local Gov.(Misc Provision) Act 1982</p>	£5,310.00	£5,575.50
37 CITY CARE CHARGES		
<p>Individual (Non Supporting People Funded) Per Week (based on collection on a 48 week rent year)</p> <p>Statutory Authority for Making Charge: Section 19 (2) Local Gov.(Misc Provision) Act 1976</p>	£4.04	£4.54
38 AVERAGE RENTS		
Based on Government Rent Restructuring Formula - 48 weeks		
Bedsit	£29.20	£30.81
Bungalow	£50.39	£53.16
Flat	£49.86	£52.60
House	£58.52	£61.74
Average for all properties (48 weeks)	£55.04	£58.07
Based on Government Rent Restructuring Formula - 52 weeks		
Bedsit	£26.96	£28.44
Bungalow	£46.51	£49.07
Flat	£46.03	£48.56
House	£54.02	£56.99
Average for all properties (52 weeks)	£50.81	£53.60
39 CULTURAL SERVICES/HERITAGE & DESIGN		
<p>Tourist Information Centre</p> <p>Accommodation Booking Service</p> <p>Commission (from establishment)</p> <p>Booking Fee (from visitor)</p>	10% £3.00	10% £3.00
<p>Ticket Sales</p> <p>Commission (from event organiser)</p>	10%	10%
<p>Copy of Tree Preservation Order - Statutory Authority for Making Charge - section 100H (10A) & (2) B Local Government Act 1972</p>	£25.00	£25.00
40 ALLOTMENTS		
Full Allotment per annum	£13.75	£13.75
Half Allotment per annum	£6.88	£6.88
Whole Site (rented out to Allotment Societies)		
Newton Hall 11584 Sq Metres (5 year lease entered into in 2006)	£750.00	£750.00
Gilesgate 1.7 Hectares (7 year lease entered into in 2004)	£880.00	£880.00
Pittington 4922 Sq Metres (5 year lease entered into in 2006)	£350.00	£350.00
West Rainton (from 2005 in perpetuity until Council terminates lease)	£371.40	£371.40
41 Gambling Licence Fees		
Existing Casinos		
Transitional Fast track Application	N/A	£300.00
Transitional Non-Fast track Application	N/A	£2,000.00
New Application	N/A	N/A
Annual Fee	N/A	£2,250.00
Application to Vary	N/A	£2,000.00
Application to Transfer	N/A	£1,350.00
Application for Re-instatement	N/A	£1,350.00
Application for Provisional Statement	N/A	N/A
Licence Application (provisional statement holders)	N/A	N/A
Copy Licence	N/A	£25.00

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
Notification of Change	N/A	£50.00
New Small Casino		
Transitional Fast track Application	N/A	N/A
Transitional Non-Fast track Application	N/A	N/A
New Application	N/A	£8,000.00
Annual Fee	N/A	£3,750.00
Application to Vary	N/A	£4,000.00
Application to Transfer	N/A	£1,800.00
Application for Re-instatement	N/A	£1,800.00
Application for Provisional Statement	N/A	£8,000.00
Licence Application (provisional statement holders)	N/A	£3,000.00
Copy Licence	N/A	£25.00
Notification of Change	N/A	£50.00

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
New Large Casino		
Transitional Fast track Application	N/A	N/A
Transitional Non-Fast track Application	N/A	N/A
New Application	N/A	£10,000.00
Annual Fee	N/A	£7,500.00
Application to Vary	N/A	£5,000.00
Application to Transfer	N/A	£2,150.00
Application for Re-instatement	N/A	£2,150.00
Application for Provisional Statement	N/A	£10,000.00
Licence Application (provisional statement holders)	N/A	£5,000.00
Copy Licence	N/A	£25.00
Notification of Change	N/A	£50.00
Regional Casino		
Transitional Fast track Application	N/A	N/A
Transitional Non-Fast track Application	N/A	N/A
New Application	N/A	£15,000.00
Annual Fee	N/A	£11,250.00
Application to Vary	N/A	£7,500.00
Application to Transfer	N/A	£6,500.00
Application for Re-instatement	N/A	£6,500.00
Application for Provisional Statement	N/A	£15,000.00
Licence Application (provisional statement holders)	N/A	£8,000.00
Copy Licence	N/A	£25.00
Notification of Change	N/A	£50.00
Bingo Club		
Transitional Fast track Application	N/A	£300.00
Transitional Non-Fast track Application	N/A	£1,750.00
New Application	N/A	£3,500.00
Annual Fee	N/A	£750.00
Application to Vary	N/A	£1,750.00
Application to Transfer	N/A	£1,200.00
Application for Re-instatement	N/A	£1,200.00
Application for Provisional Statement	N/A	£3,500.00
Licence Application (provisional statement holders)	N/A	£1,200.00
Copy Licence	N/A	£25.00
Notification of Change	N/A	£50.00
Betting Premises (excluding Tracks)		
Transitional Fast track Application	N/A	£300.00
Transitional Non-Fast track Application	N/A	£1,500.00
New Application	N/A	£3,000.00
Annual Fee	N/A	£450.00
Application to Vary	N/A	£1,500.00
Application to Transfer	N/A	£1,200.00
Application for Re-instatement	N/A	£1,200.00
Application for Provisional Statement	N/A	£3,000.00
Licence Application (provisional statement holders)	N/A	£1,200.00
Copy Licence	N/A	£25.00
Notification of Change	N/A	£50.00
Tracks		
Transitional Fast track Application	N/A	£300.00
Transitional Non-Fast track Application	N/A	£1,250.00
New Application	N/A	£2,500.00
Annual Fee	N/A	£750.00
Application to Vary	N/A	£1,250.00
Application to Transfer	N/A	£950.00
Application for Re-instatement	N/A	£950.00
Application for Provisional Statement	N/A	£2,500.00
Licence Application (provisional statement holders)	N/A	£950.00
Copy Licence	N/A	£25.00
Notification of Change	N/A	£50.00
Family Entertainment Centres		
Transitional Fast track Application	N/A	£300.00
Transitional Non-Fast track Application	N/A	£1,000.00
New Application	N/A	£2,000.00
Annual Fee	N/A	£560.00
Application to Vary	N/A	£1,000.00
Application to Transfer	N/A	£950.00
Application for Re-instatement	N/A	£950.00
Application for Provisional Statement	N/A	£2,000.00
Licence Application (provisional statement holders)	N/A	£950.00

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
Copy Licence	N/A	£25.00
Notification of Change	N/A	£50.00

FEES & CHARGES 2008/09		
	Actual Charge 2007/08	Proposed Charge 2008/09
Adult Gaming Centres		
Transitional Fast track Application	N/A	£300.00
Transitional Non-Fast track Application	N/A	£1,000.00
New Application	N/A	£2,000.00
Annual Fee	N/A	£750.00
Application to Vary	N/A	£1,000.00
Application to Transfer	N/A	£1,200.00
Application for Re-instatement	N/A	£1,200.00
Application for Provisional Statement	N/A	£2,000.00
Licence Application (provisional statement holders)	N/A	£1,200.00
Copy Licence	N/A	£25.00
Notification of Change	N/A	£50.00
Note		
Introduced re. Gambling Act 2005		
42 Gambling Permit Fees		
Prize Gaming Permit Fees		
For An Existing Operator	N/A	£100.00
Application Fee (Grant)	N/A	£300.00
Renewal Application Fee	N/A	£300.00
Unlicensed Family Entertainment Centre Gaming Machine Permit		
For An Existing Operator	N/A	£100.00
Application Fee (Grant)	N/A	£300.00
Renewal Application Fee	N/A	£300.00
Miscellaneous Permit Fees		
Notification of Change of Name	N/A	£25.00
Application for Copy of Permit	N/A	£15.00
Alcohol Licensed Premises		
Notification of upto 2 Machines in Alcohol-Licensed Premises	N/A	£50.00
Gaming Machine Permit (existing permit holders)	N/A	£100.00
Gaming Machine Permit (new application)	N/A	£150.00
Clubs		
Club Gaming Permit (Grant/Renewal)	N/A	£200.00
Club Gaming Permit (Continuation of Part II Registration)	N/A	£100.00
Club Gaming Permit Annual Fee	N/A	£50.00
Club Machine Permit (Grant/Renewal)	N/A	£200.00
Club Machine Permit (Continuation of Part III Registration)	N/A	£100.00
Club Machine Permit Annual Fee	N/A	£50.00
Note		
Introduced re. Gambling Act 2005		
43 Furniture Pack Charges		
Furniture Pack - Option 1	£16.48	£18.50
Furniture Pack - Option 2	£22.10	£25.50
Furniture Pack - Option 3	£28.72	£32.25
Furniture Pack - Option 4	£34.33	£39.25

Agenda Item 5(b)

STATUS PUBLIC

Portfolio Member/Director/Head of Service Cllr Dennis Southwell / Paul Darby	Portfolio Finance
Subject Revenue and Capital Budgets 2008/09	Date 13 February 2008
	Forward Plan No
Contact Officer Paul Darby (Director of Financial Services), Tel: 0191 3018622 : Email: pdarby@durhamcity.gov.uk	Previous Minutes
Purpose of Report <p>The 2008/09 Budget Report (Attached at Appendix A) sets out the Councils proposed budgets for 2008/09 and indicates the Council Tax that Cabinet may wish to recommend to Council. It seeks Cabinet's approval for the Revenue and Capital Budgets covering both General Fund and the Housing Revenue Account.</p>	
Executive Summary <p>The key features of the Budget Report 2008/09 (Appendix A) are as follows:-</p> <ul style="list-style-type: none"> ◆ The City Council will receive Total Formula Grant Support of £8,606,785 in 2008/09, an increase of £135,394 or 1.60% over 2007/08; ◆ The City Council will receive a new specific grant for concessionary travel of £355,000 in 2008/09; ◆ The Council Tax tax-base, determined by Council 8 January 2008, has been set at 26,375 (rounded) for the purposes of the budget; ◆ The City Councils Collection Fund, as reported to Council 8 January 2008, is forecast to be £330,000 in surplus at 31 March 2008 and the City Council's proportion (to be taken into account in setting the 2008/09 Council Tax) is £46,332; ◆ After taking into account the views of residents, the business community and the financial pressures this Council faces, it is proposed that a Budget Requirement (excluding parishes) of £13,575,211 be set; ◆ Taking the Budget Requirement and the grant settlement into account, it is proposed that Council considers setting the Council Tax at Band D (net of its share of the collection fund surplus) at £186.62 in 2008/09, an increase of 1.9%; ◆ That the policy on reserves and balances, approved by Council 27 September 2007, be maintained. It is estimated that the General (Budget Support) Reserve will stand at £0.686m at 31 March 2008 and that £0.503m be applied to cover non-recurring items and business continuity / service initiatives / transition related issues within 2008/09; ◆ All budgets have been prepared on an outturn and on a low / medium risk basis, taking into account all approved commitments and priorities (including the running costs for the opening of the new Freemans Quay LC). The assumptions used and differences between the 2007/08 and 2008/09 being clearly identified within the detailed Budget report; ◆ Challenging but realistic efficiency targets have been built into the budget framework and that to achieve these the Council should continue strengthen its existing arrangements and build on its past successes; 	

Executive Summary (continued...)

- ◆ Provision is made within both the General Fund (financed in year from earmarked reserves) and Housing Revenue Account (mainstream provision) for the costs of implementing Job Evaluation during 2008/09;
- ◆ The gross expenditure budget for the HRA is to be set at £17.056M, funded by rents and other income as detailed in the Budget Report;
- ◆ The HRA is based on the new subsidy regime and factors in the uplifted allowances for management, maintenance and major repairs. The new rent setting methodology has been applied and average rents will increase by 5.5% in 2008/09;
- ◆ Gross capital programme in 2008/09 is estimated at £6.731M, with individual areas of land identified for disposal being identified within the Budget report;
- ◆ The capital programmes anticipate revenue financing costs of borrowing £248,000 to fund capital expenditure in 2008/09.
- ◆ The capital programme is financed from government grant (primarily the major repairs allowance) totalling £4.313M; usable capital receipts of £1.226M; capital grants and contributions (primarily in relation to the Freeman's Quay private partner) of £979K plus revenue contributions from the General Fund (£100K) and from the HRA (£312K);
- ◆ Therefore, Budget proposals, including a Council Tax Strategy, need to be considered by Cabinet on 13 February and determined by the City Council at its Budget meeting on 26 February 2008.

Portfolio Member Recommendations or items Requiring a Cabinet Decision

Cabinet is requested to:

- 1) Approve the Revenue, Capital and Leasing/Plant Replace Estimates for the General Fund as set out in the Budget Report 2008/09 (Appendix A);
- 2) Approve the Housing Revenue Account budget as set out in the Budget Report 2008/09 (Appendix A);
- 3) Agree the rent for individual properties as determined by the rent restructuring calculation based on an average inflationary increase of 5.50% and allowing for the effects of rent convergence and limits;
- 4) Authorise the Director of Financial Services to make any necessary transfers/provisions/adjustments when preparing the 2007/08 and 2008/09 Final Accounts; and
- 5) Authorise the Director of Financial Services to suitably finance the General Fund/Housing Capital Programmes in 2007/08 and 2008/09 in accordance with the budget framework;

Reasons for Recommendations

Approval of the content of this report / associated appendices and the recommendations set out above will ensure that the Cabinet has formally considered and set robust revenue and capital budgets for 2008/09 and thus can advise Council on the level of Council Tax.

The Council is legally required to determine its Budget and Council Tax for 2008/09 on or before 10 March 2008.

The recommendations note that Cabinet approve the rent for the coming financial year and also give the Chief Financial Officer the delegated authority to make any necessary adjustments required during closure of the 2007/08 accounts in terms of financing the capital programmes in 2007/08 and 2008/09 in accordance with the budget framework.

Alternative Options to be Considered

Members may wish to amend, alter or change the proposals set out in the Budget Report. However, the financial implications of any such changes needs to be carefully considered and the figures re-worked to ensure that the budgets remain robust. In preparing the budgets, officers have worked closely with Cabinet members and considered alternative options, most notably covering the Council's key priorities for investment, the level of efficiency savings and increases in Council Tax on several occasions in recent years. The Council has undertaken several wide spread consultations, both with the public and the business community. This has informed both its decisions in past years and its proposal for 2008/09.

Consultation

The Budget Report 2008/09 sets out in detail the approach taken to consultation this year, which is based on a postal survey of the City Councils Viewpoint Panel and open meetings of its Scrutiny Committee, together with meetings with representatives of the business community.

In terms of the consultation with the Viewpoint Panel, 321 questionnaires sent out and 77 questionnaires were returned, a response rate of 24%. A summary of the responses received is set out below: -

- In terms of the "acceptance" of Council Tax increases, 55% of the respondents said they would support an increase in Council Tax of around 2.5% next year in order to maintain Council services at their existing levels, whilst 36% said they would support an increase in Council Tax above 2.5% in order to improve council services. 78% of respondents said they would not support a decrease in Council Tax if this meant a reduction in current service provision and 68% said they would not accept a stand-still nil increase in Council tax if this meant a reduction in only some services.
- The survey asked whether they felt the Council provided good value for money for the Council Tax it levies, with 55% agreeing with this statement and only 29% disagreeing – the remainder being undecided. In terms of the direction of travel with regards to value for money, the survey also asked whether the City Council provides better value for money now compared to a year ago. 22% agreed that it did, with 31% disagreeing – significantly, 47% said they didn't know or were passive in terms of this question.
- The survey then asked whether they felt the City Council has the right level of Council Tax relative to other Councils. 30% agreed that it did, with 18% disagreeing – significantly, 52% said they didn't know or were passive in terms of this question.

Finally, the survey asked how satisfied they were generally with the services provided by the City Council (when considering the Council Tax they pay). 78% of respondents were fairly to very satisfied, whereas 22% were fairly (13%) or very (9%) dissatisfied.

Based on the above consultation exercise and knowledge from previous exercises it would appear that the proposed increase of 1.90% would be acceptable to the majority of residents.

The Council's Scrutiny Committee met to consider the budget proposals on Thursday 7 February 2008. Cabinet members will be informed of the findings of this consultation at its meeting on 13 February 2008.

The City Council intends to consult with representatives of the business community on Monday, 18 February 2008. All members will be informed of the findings of this consultation in advance of the Council meeting on 26 February 2008.

Financial, Legal and Risk Implications

The Council is legally required to set its Budget Requirement and Council Tax on or before 10th March 2007. The budgets have been prepared in accordance with the Council's constitution and full account has been taken of all statutory requirements. No other legal or constitutional issues have been identified.

In proposing its Budgets, Portfolio Holders have carefully considered the risks the Council faces. The strategic risks are outlined in its Strategic Risk Register and the risks associated with new initiatives in Cabinet and Scrutiny reports. The Budget Report 2008/09 at Appendix A gives a detailed assessment of the financial and operational risks within the budgets.

Resource Implications

Full details of the resource implications associated with this report are identified within the Budget Report attached at Appendix A and within the (Draft) Revenue and Capital Budgets 2008/09 (a copy has been circulated separately to all Members). In summary the proposals set out in this report would lead to a 1.90% increase in the City Councils Council Tax. Housing rents would increase by 5.50%.

Timescale for Action

It is proposed that the Cabinet request Council to approve the 2008/09 Revenue and Capital Budgets at its meeting on 26 February 2008 and that it sets the City Councils Council Tax at the level set out in the Budget Report. The Director of Financial Services will submit a report to Council on 26 February 2008 to secure the necessary determinations / approvals in accordance with the statutory requirements.

Associated Policies and Plans

- (Draft) Transition Plan
- Corporate Performance Plan
- Medium Term Financial Strategy 2006/07 – 2009/10
- (Draft) Revenue and Capital Budgets 2008/09

Supporting Documents

- Budget Report 2008/09 (Attached at Appendix A)
- (Draft) Revenue and Capital Budgets 2008/09 (a copy has been circulated separately to all Members)

Background Papers

- ◆ Comprehensive Spending Review 2007 published by DCLG
- ◆ Revenue Support Grant Settlement published by DCLG
- ◆ HRA Housing Subsidy Determinations 2008/09
- ◆ Revenue and Capital Budgets 2007/08
- ◆ Statement of Accounts 2006/07
- ◆ Policy on Reserves and Balances – Report to Council 27 September 2007
- ◆ Council Taxbase and Collection Fund Surplus – Report to Council 8 January 2008
- ◆ Annual Review of Fees and Charges 2008/09 – Report to Cabinet 13 February 2008
- ◆ Capital Strategy
- ◆ Asset Management Plan
- ◆ Investment Strategy
- ◆ Treasury Management Strategy
- ◆ Risk Management Policy and Strategy
- ◆ Strategic Risk Register
- ◆ Revenue and Capital Budgets 2007/08
- ◆ Budget Working Papers (Financial Services)

This page is intentionally left blank



Budget Report

2008/09

Paul Darby, Director of Financial Services
February 2008

Budget Report 2008/09

Contact Officers

Paul Darby, Director of Financial Services

Tel: 0191 301 8622

E-mail: pdarby@durhamcity.gov.uk

Justin Ives, Head of Financial Services

Tel: 0191 301 8641

E-mail jives@durhamcity.gov.uk

Contents

Page

Introduction	3
Budget Process 2008/09	3
Local Government Finance Settlement 2008/09	4
Council Tax Base Calculation	6
Council Tax Collection Fund – Surplus	7
Council Tax Options	8
Budget / Council Tax Requirements 2008/09	9
Council Tax Consultation	11
Financial Forecasts	13
2007/08 Financial Position and Review	21
Reserves and Balances	22
Financial and Operational Risks	24
Conclusions	27
Parish Precepts	27
Principal Precepting Authorities	28
Responsibilities of the Chief Financial Officer	29

Budget Report 2008/09

Introduction

There is a statutory obligation upon the Council to determine its General Fund Budget and Council Tax requirements for 2008/09 on or before 10th March each year.

This report is intended to advise on the current information and to assist Members in considering final budget proposals.

Budget Process 2008/09

The following is a brief outline of the City Council's Budget process, illustrating its links to the corporate planning, business planning and financial planning processes.

- Spring 2007**
- portfolio Holders and Directors / Heads of Service prepare aspirational service plans (including financial forecasts and clearly setting out contributions to strategic priorities and outcomes)
- Summer 2007**
- review of service plans, including financial forecasts by Executive Members and identification of priority areas for investment linked to Corporate Performance Plan; Medium Term Financial Strategy (incorporating Capital Strategy and Asset Management Plan)
 - briefing to Executive Members on potential impact of the Comprehensive Spending Review 2007 and consultation on revisions to the Medium Term Financial Strategy and Capital Strategy in light of priorities for investment and likely resource availability
- Autumn 2007**
- review of spending forecasts (including outturn predictions for 2007/08 budgets) and identification of potential budget proposals by Portfolio Holders and Chief Officers/Heads of Service
 - calculation of financial implications of all budget / service development proposals and efficiencies
- November 2007**
- provisional Local Government Finance Settlement 2008/09
 - council tax consultation with the public and businesses commenced
- December 2007**
- review of spending forecasts and identification of potential budget proposals with in the context of resource availability – impact of provisional Local Government Finance Settlement
- January 2008**
- final Local Government Finance Settlement
 - proposed budget finalised by Portfolio Holders – including schedule of proposed Fees and Charges
- 1 February 2008**
- member scrutiny training provided
- 7 February 2008**
- proposed budget presented to Scrutiny Committee

- 13 February 2007** - proposed budget presented to Cabinet
- 18 February 2007** - consultation with NNDR/Business representatives
- 26 February 2007** - City Council considers and determines its Budget and Council Tax for 2008/09

In developing the draft budget, Management Team has assessed not only the implications of the grant settlement, but has also carefully examined all budgets, taking into account: -

- The balance between spending on statutory and discretionary services
- The overall allocation of resources to priority areas and the role and contribution of these budgets / services towards the achievement of strategic aims and required performance standards
- The results of previous consultation exercises and feedback from local members
- The balance between spending requirements / budget pressures and taxation / rents
- The balance between reserves and balances and the opportunity costs arising from policies in relation to these
- The sustainability of the budgets in relation to budget dependency on time limited funding streams
- The risks within the budget framework in terms of its dependency on prevailing economic conditions and forecasts of receipts from land and other asset sales etc.

Local Government Finance Settlement 2008/09

The Department for Communities and Local Government (CLG), together with other government departments and in consultation with the Treasury, assesses both the overall level of funding to be provided to local government and the distribution of those funds to individual local authorities.

Since 2006/07, the Government has focussed on grant distribution rather than national measures of notional spend and Council Tax. The system is based on four separate funding elements and these are unchanged for 2008/09 as detailed below: -

- ◆ A relative needs amount, calculated through relative needs formulae, with the formula for each service being based on a per client amount with top-ups to reflect local circumstances, including deprivation and area costs.
- ◆ A relative resource amount, to take account of different capacities to raise income from Council Tax. This is a negative amount.
- ◆ A central allocation amount, which is allocated on a per capita basis.
- ◆ A floor damping block, to ensure that all authorities receive a minimum grant increase.

The amount of cash nationally, as with the previous system, is the level of formula grant allocated via Spending Reviews. The size of the totals of the relative needs block and resources block is set by judgement.

In November 2005 the Government, in the move towards three years resource settlements, published details of the 2006/07 and 2007/08 provisional settlements. This reflected the Comprehensive Spending Review (CSR) 2004 and a commitment was given to providing details of the provisional grant to be distributed to each authority for the three years 2008/09 to 2010/11 following publication of the CSR 2007.

The Comprehensive Spending Review (CSR) 2007 was published by the Government in October 2007 and, whilst the content was largely expected, it was widely condemned by the Local Government Association as not providing the necessary resources to local authorities.

The key announcements within the CSR 2007 were as follows: -

- An increase in the Aggregate External Finance (AEF) - Revenue Support Grant (RSG) + National Non-Domestic Rates (NNDR) - funding of 4.2% in 2008/09; 3.5% in 2009/10 and 3.4% in 2010/11, which amounts to real terms increases of 1.5%, 0.8% and 0.7% over the CSR period;
- The retention of the 5% capping criteria in each of the next three years;
- The freeing up of control over £5bn former specific and Local Area Agreement (LAA) ring-fenced grants, which will be delivered in the form of general grants and which will not be ring-fenced;
- A commitment that by 2010/11 £900m worth of grant previously paid through specific grants will have been rolled into RSG, and at least £4.1bn will be paid through the new Area Based Grant;
- The withdrawal of access to Local Authority Business Growth Incentive Scheme funding in 2008/09, but allocations of £50m in 2009/10 and £100m in 2010/11 being available nationally;
- New powers to issue supplementary business rates on local businesses from 2010/11, with consultation on technical details to be undertaken in 2007/08;
- A 3% cashable efficiency target (£4.9bn over the next three years) built into and assumed within the formula;
- A single set of priority outcomes for local government, a single set of 198 national indicators (Best Value Performance Indicators are to be replaced in 2008/09) and no mandatory targets for LAA's – any and all targets reflecting national priorities (up to a maximum of 35) to be negotiated through LAA's

Taking these resource allocations into account, the CLG published the provisional Grant Settlements for each local authority in late November 2007. Although the settlements can be regarded as the worst in the last 10 years, it was broadly in line with expectations following the publication of the results of the CSR 2007.

Generally, Shire Districts received the lowest increase for any type of authority (the grant floor minimum increases being set at their lowest levels since they were introduced) and less than half of all Shire Districts had an increase in excess of the absolute minimum 1% floor increase for 2008/09 (the floor increase for Shire Districts was 2.7% in 2007/08).

In announcing the settlement, the Minister of State for Local Government has re-iterated that the Government will use its capping powers if Council Tax increases are excessive and expects the average increase in Council Tax to be no more than 5% for any authority.

The 2008/09 grant settlement for the City of Durham is £8,606,785, compared with £8,471,391 in 2007/08 - an increase of £135,394 or 1.60% year on year, including the base adjustments in accordance with the (slightly) revised distribution framework - former specific grants for waste efficiency initiatives (previously payable to the City Council) and for out of hours stray dog kennelling (previously paid to the Police authorities) now form part of RSG.

Notwithstanding the need to incorporate the revenue implications of policy decisions taken some years ago – most notably the opening of the new Freeman's Quay Leisure Centre and the replacement to the Kerbit door to door recycling scheme in 2008/09 - the grant settlement falls well short of meeting the general financial pressures facing the City Council, particularly in relation to pay related costs (pay awards and pension fund contributions) and significant fuel price inflationary pressures. Members will recall that substantial increases in fuel costs have been built into the budget framework in recent years and should note that this trend looks likely to increase, with commentators anticipating price increases of between 15-20% on gas, electricity and diesel costs in the coming year.

In terms of the provisional grant settlements for 2009/10 and 2010/11, the City Council has again been allocated the minimum floor increase, which has been set at 0.50% for these two years.

On a more positive note the Government announced specific grant allocations to each authority for the implementation of the new statutory concessionary fares scheme from 2008/09. The City Council has been awarded £355,000 of the £1.4m awarded to the Durham Districts and although this falls outside of the RSG/NNDR distribution mechanism the grant is not ring-fenced to concessionary travel and can be used to reduce net costs to the authorities if the costs of the existing scheme is in excess of the estimated costs of providing the new statutory scheme (as is the case in County Durham – where the existing scheme will be retained and only inflationary costs will need to be absorbed).

Council Tax Base Calculation

The Council Tax Base determines the taxable capacity of the authority and it is the number of Band D equivalent properties in the area that is used to calculate the Band D Council Tax, often referred to as the whole Council Tax. Properties are allocated to the Council Tax bands on the basis of their property valuations in 1991, which is then converted into a Band D equivalent figure. All properties are banded by the Valuation Office and new dwellings built since 1993 (the year the Council Tax was introduced) are valued on the basis of their value had they existed in 1991.

The Band D equivalent number of properties is further reduced by single person's discounts and other exemptions to calculate a Band D Equivalent Tax Base for the District. Properties in Bands A-C pay proportionally less than Band D, whilst properties in Bands E-H pay proportionally more than Band D.

The City Council has a high proportion of properties in the lower Bands (80% Band A-C), therefore a low Band D equivalent taxbase.

Throughout the District there are 38,804 properties which are subject to Council Tax (of which 78.4% fall into Bands A-C and therefore pay a reduced proportion of the Band D Council Tax – 6/9ths at Band A).

Of these properties 2,772 are exempt from Council Tax, leaving a total of 36,197 "chargeable" properties within the District.

The tax base for 2008/09, calculated as the number of Band D equivalent properties (26,641), adjusted for discounts (single person occupancy – 25% - and empty property discount – 50%) and possible losses on collection (1%), was approved by Council on 8 January 2008 at 26,374.59 (26,111.25 in 2006/07) – rounded to 26,375.

This equates to an increase of 263.75 in the City Councils year on year taxable capacity – generating additional Council Tax income of approximately £48,300 next year.

Full details of numbers of properties in each Council Tax band, the Band D equivalents and overall Taxbase for the City Council is set out below:

Property Value	Council Tax Band	Proportion of Band D	Number of properties in each Band	Chargeable properties in each Band	Band D Equivalent Properties
Up to £40,000	Band A	6/9 ths	18,603	17,904	10,363.80
Over £40,000 and up to £52,000	Band B	7/9 ths	6,083	5,627	3,892.40
Over £52,000 and up to £68,000	Band C	8/9 ths	6,114	5,567	4,542.70
Over £68,000 and up to £88,000	Band D	1	4,170	3,608	3,341.30
Over £88,000 and up to £120,000	Band E	11/9 ths	1,953	1,770	2,023.10
Over £120,000 and up to £160,000	Band F	13/9 ths	1,084	1,013	1,366.80
Over £160,000 and up to £320,000	Band G	15/9 ths	711	668	1,040.40
Over £320,000	Band H	18/9 ths	86	40	70.50
Totals			38,804	36,197	26,641.00
2008/09 Tax Base (after accounting for empty property, discounts and other losses on collection)					26,374.59

Council Tax Collection Fund - Surplus

As the Billing Authority, the City Council must maintain a Collection Fund Account for administering the raising and recovery of the Council Tax and for paying precepts and demands on those funds. Any surpluses/deficits earned on this Fund are required to be estimated in advance of the financial year and redistributed amongst the major precepting authorities on the basis of the percentage of the overall demand on the fund at the beginning of the financial year in which the surplus or deficit is incurred.

Legislation dictates that any surpluses cannot be included as income in the authority's accounts and must be passed on to the Council Taxpayer in the form of a reduction in their annual bill. Likewise, a deficit cannot be charged as an authority's expenditure, but must be charged to Council Taxpayers as an increase on the bills.

In setting the 2007/08 budgets and subsequent Council Tax, members will recall that the estimated position was that the Collection Fund would be £200,000 in surplus at 31 March 2007 and therefore this was the "distributed" amount built into the 2007/08 budget framework. The actual outturn position on the Collection Fund at 31 March 2007 was a surplus of £294,076.

Taking into account the continued improvement in collection rates in 2007/08; an increase in the Council Taxbase due to a combination of new build and the impact of the University Halls of Residence; and a prudent assessment of the likely level of the provision for bad and doubtful debts, it is estimated that the City Council's Collection Fund will be £330,000 in surplus at 31 March 2008. This was reported to Council 8 January 2008, together with the 2008/09 Taxbase calculation (set out above)

The forecast surplus will be allocated to the following authorities, based on the respective proportions of the total precepts and demands on the Collection Fund in 2007/08: -

Authority	Surplus Distributed in 2008/09 £	% Share	Reduction in Council Tax 2007/08 (at Band D)
City of Durham	(46,332)	14.04	(1.76)
Durham County Council	(233,079)	70.63	(8.84)
Durham Police Authority	(31,779)	9.63	(1.20)
Durham and Darlington Fire Authority	(18,810)	5.70	(0.71)
Total	(330,000)		(12.51)

Council Tax Options

The City Council's element of the current Council Tax (net of the distributed surplus) for 2007/08 is as follows:

City Council Net Demand	
Band	£ : p
Band A	122.09
Band B	142.44
Band C	162.79
Band D	183.14
Band E	223.84
Band F	264.54
Band G	305.23
Band H	366.28

As noted above, the Local Government Finance Settlement makes no assumption about the level of Council Tax for 2008/09. Whilst the Government has again not officially set a cap or budget requirement limit as part of the Settlement it still retains a reserve power to tell Local Authorities to set a lower budget requirement if it considers the budget requirement and Council Tax have increased by 'excessive' amounts.

In line with recent years, the Government has announced that it considers any Council Tax increase above 5% to be 'excessive' and has taken appropriate capping action against a number of Authorities in respect of their Budget Proposals in recent years.

Assuming the Council would wish to avoid setting a Council Tax that the Government would consider 'excessive', the following table identifies the Council Tax income that could be derived from a range of different Council Tax increases in 2008/09:

Percentage Increase %	Additional Council Tax per annum Band D Increase £ : p	Band D Council Tax for the City Council (Net of Surplus) £ : p	Additional Council Tax Income (See Note) £
Nil	Nil	183.14	48,303
1%	1.83	184.97	96,569
2%	3.66	186.80	144,835
3%	5.49	188.63	193,101
4%	7.33	190.47	241,632
5%	9.16	192.30	289,898

Note – A nil increase in the City Councils Band D Council Tax would generate additional Council Tax income of £48,303 in 2008/09 – due to the increase in the Taxbase for 2008/09. This additional income is factored into the projections for each 1% increase thereafter. In summary, each percentage point increase in Council Tax produces approx. £48,300 in additional Council Tax income, over and above the impact of the increase in the Taxbase.

Budget / Council Tax Requirement 2008/09

Having regard to all the aforementioned issues, the City Council's Budget Requirement for 2008/09 could be calculated based on a range from the current level of Council Tax and what could be considered the maximum level of Council Tax for 2008/09 (i.e. 5% increase), shown below: -

	Budget Requirement Calculation 2008/09	
	Nil% Increase Council Tax £000s	5% Increase Council Tax £000s
Total Formula Grant	8,606.79	8,606.79
Council Tax Income (Net of Surplus)	4,876.65	5,118.16
Potential Budget Requirement 2008/09	13,483.44	13,724.95
Actual Budget Requirement 2007/08	13,282.47	13,282.47
Additional Budget Spending Capacity	200.97	442.48

After considering the views of the public and the Business Community, identified through Council Tax consultation, and taking into account commitments within the medium term financial plan in terms of maintaining below inflation increases in the City Councils Council Tax; new spending commitments and inflationary pressures in 2008/09; and factoring in a prudent and planned use of earmarked reserves and balances the draft budgets have been prepared on the basis of a 1.90% net increase in the City Councils Band D Council for 2008/09. The Consumer Price Index (the widely published index used by the Bank of England in determining headline inflation levels) currently stands at 2.1%.

At 1.90%, the City Council will generate additional Council Tax revenue of approximately £140,000 in 2008/09 (including the additional resources generated by the increase in the Taxbase), compared with a potential maximum “uncapped” amount of around £290,000 if it applied a 5% increase next year.

Applying an increase of 1.9% (net of its element of the Collection Fund surplus) to the City Councils demand on the fund would result in a Band D Council Tax of £186.62 next year, an increase of £3.48 or 7p per week at Band D. Residents in Band A properties (which accounts for approximately 50% of the total number of chargeable properties in the District) will face an increase of £2.32 or 4.5p per week in 2008/09 in terms of the City Councils element of the Council Tax.

Thus, the net demand (called overall Budget Requirement, including parish precepts) to be made by the City Council for Council Tax purposes can be summarised as follows:

	City of Durham £	Parishes £	Total £
Budget Requirement	13,575,211	431,946	14,007,157
Less :			
Revenue Support Grant	1,051,726	-	1,051,726
Non-Domestic Rates	7,555,059	-	7,555,059
CoD Share of Coll. Fund Surplus	46,332	-	46,332
	8,653,117	-	8,653,117
Net Demand	4,922,094	386,205	5,354,040
Council Tax at Band D	£186.62	£16.38	£203.00

The Band D City of Durham Council Tax will increase from £183.14 in 2007/08 to £186.62 in 2008/09, an increase of £3.48 or 1.9%. The average Band D Parish Council Tax will increase from £14.79 in 2007/08 to £16.38 in 2008/09, an increase of £1.59 or 10.8%.

Council Tax Consultation

The City Council is required to consult on its spending plans and budgets on an annual basis and over the last four years, the citizens of Durham have consistently informed this Authority that they wished to see:

- increases in Council Tax kept in line with inflation
- greater efficiencies by the City of Durham
- the three key priority areas for investment as being, Improving the Environment, Waste Services and Protecting the Public

When consulting on the 2007/08 Budget / Council Tax, the Council adopted (on a pilot basis) a radically different approach. It engaged an independent company, Research for Today, to undertake a Budget Input Consultation Pilot Study using Simalto models. This method asks respondents to make their priorities from a choice of defined alternative levels of each service. In effect, they are informing the Council where services should expand or contract to better meet their needs. Their choices are therefore 'realistic' since the relative savings/extra costs of each different service level are shown to residents and they only have fixed constrained budgets to allocate across the competing service levels. It also recognises that some changes save/cost more than others and residents (Councils) cannot spend the same money twice.

In undertaking this exercise, the Council understood that a sample of respondents interviewed in their homes and 'balanced' by age, gender and ward was the most accurate method of conducting this type of survey, but at that time wanted to have a small scale survey (with two sessions being held centrally involving members of the Viewpoint Panel and City Councillors) to act as a pilot for possible future consultation.

The sessions held proved a good pilot and members had decided to consider undertaking a structured survey of residents (covering 250-300 houses) in late 2007, given the findings of the pilot and the positive reception it received from both residents and Members last year.

Using this approach coincided nicely with the requirement to re-visit the Medium Term Financial Plan in line with the outcome of the CSR 2007 and to inform future years' budgets. However, due to the prospects of local government restructuring within County Durham from April 2009, the decision was taken not to undertake this method to inform the 2008/09 budgets – which most likely will be the last prepared by the City Council. Indeed the existing Medium Term Financial will not now be re-written, rather it is to be replaced by a new Transitional Plan, with known financial issues and impacts in 2009/10 and beyond from a City Council perspective also being picked up later in this report.

In terms of 2008/09 the City Council faces a number of significant financial challenges, over and above inflationary pressures, including a particularly disappointing (if not unexpected) grant settlement as a result of the fiscal tightening within the CSR 2007; increased targets in terms of securing efficiency savings; the need to build in the running costs of the new Freeman's Quay Leisure Centre; the revenue impact of the new National Concessionary Travel scheme; and the implementation of a New Kerbside recycling scheme. In addition, 2008/09 will be a transitional year as all authorities look to work towards the creation of the new unitary authority.

The existing Medium Term Financial Plan commits the City Council to maintaining increases in its Council Tax in line with inflation – the most appropriate measure being the Consumer Price Index quoted by the Bank of England (currently 2.1%).

In preparing the budget framework it was recognised that, due to these pressures, an inflationary increase may not be sufficient. The budget / Council Tax consultation for 2008/09 was on the basis of a postal survey of its Viewpoint Panel and open meetings of its Scrutiny Committee, together with meetings with representatives of the business community.

In terms of the consultation with the Viewpoint Panel, 321 questionnaires sent out and 77 questionnaires were returned, a response rate of 24%. A summary of the responses received is set out below.

It was asked if more, less or the same amount of money should be spent on a range of the Council's services, in all cases it was stated that the same amount of money should be spent on these services except Arts, Heritage and Culture where 47% of the respondents replied that less money should be spent on these services.

In terms of the "acceptance" of Council Tax increases, 55% of the respondents said they would support an increase in Council Tax of around 2.5% next year in order to maintain Council services at their existing levels, whilst 36% said they would support an increase in Council Tax above 2.5% in order to improve council services. 78% of respondents said they would not support a decrease in Council Tax if this meant a reduction in current service provision and 68% said they would not accept a stand-still nil increase in Council tax if this meant a reduction in only some services.

The survey asked whether they felt the Council provided good value for money for the Council Tax it levies, with 55% agreeing with this statement and only 29% disagreeing – the remainder being undecided. In terms of the direction of travel with regards to value for money, the survey also asked whether the City Council provides better value for money now compared to a year ago. 22% agreed that it did, with 31% disagreeing – significantly, 47% said they didn't know or were passive in terms of this question.

The survey then asked whether they felt the City Council has the right level of Council Tax relative to other Councils. 30% agreed that it did, with 18% disagreeing – significantly, 52% said they didn't know or were passive in terms of this question.

Finally, the survey asked how satisfied they were generally with the services provided by the City Council (when considering the Council Tax they pay). 78% of respondents were fairly to very satisfied, whereas 22% were fairly (13%) or very (9%) dissatisfied.

Based on the above consultation exercise and knowledge from previous exercises it would appear that the proposed increase of 1.90% would be acceptable to the majority of residents.

The Council's Scrutiny Committee met to consider the budget proposals on Thursday 7 February 2008. Cabinet members will be informed of the findings of this consultation at its meeting on 13 February 2008.

The City Council intends to consult with representatives of the business community on Monday, 18 February 2008. All members will be informed of the findings of this consultation in advance of the Council meeting on 26 February 2008.

Financial Forecasts 2008/09

All the budgets have been prepared on an outturn basis taking into account all known / projected commitments. This means that if any unforeseen issues arise during the year, they will, as usual, have to be met from efficiency savings within the relevant service area wherever possible to avoid the use of the business continuity / service initiatives provision and / or further reserves and balances. Budgetary control reports presented to members during 2008/09 will identify any savings or budget pressures across the various services as the year progresses.

The budgets include provision for a 2.50% pay award in 2008/09 and a 1% increase in Employers Pension Fund contributions. The provision for savings arising from staff turnover has been increased to 3% to reflect the current position.

Overall, the budgets have been prepared on the basis of business as usual, with any growth in service provision being restricted to essential / pre-determined areas only and where these would not be to the detriment of the new authority.

As usual, numerous requests and new proposals to enhance service provision further have had to be excluded from the budget as the resources available prevent these from being included. However, as is also usual, and subject to funds becoming available during the year, these excluded items may be allowed to commence but only on a prioritised and considered basis (i.e. no detriment to the new authority and in line with existing policy initiatives within the budget framework) and subject to Cabinet approval.

Financial Forecasts – General Fund (Revenue) 2008/09

The Council prepares its budgets on the basis of the Service Expenditure Analysis identified by CiPFA within the Best Value Accounting Code of Practice. The following table shows the financial forecasts for 2008/09 across each of these headings:

	2007/08 Base Budget £	2008/09 Base Budget £	Budget Change £
Service Area			
Other Recharges to Services	-	-	-
Corporate and Democratic Core	1,821,766	1,727,175	(94,591)
Non Distributed Costs	1,797,138	2,007,817	210,679
Central Services to the Public	716,865	704,637	(12,228)
Other Operating Income and Expenditure	(1,245,140)	(1,358,000)	(112,860)
Highways, Roads and Transport Services	1,113,344	738,569	(374,775)
Housing Services (General Fund)	965,407	996,109	30,702
Environmental Services	3,336,508	3,583,775	247,267

	2007/08 Base Budget £	2008/09 Base Budget £	Budget Change £
Service Area			
Planning and Development services	1,398,381	1,632,722	234,341
Cultural and Related Services	5,047,645	5,477,548	429,903
Implementation of Single Status	300,000	300,000	-
Local Authority Business Growth Incentive Scheme	(300,000)	-	300,000
Business Continuity / Service Initiatives (Transition)	-	460,000	460,000
Service Total	14,951,914	16,270,352	1,318,438
Capital Financing Adjustment	(1,669,448)	(1,892,581)	(223,133)
Total Net Expenditure	13,282,466	14,377,771	1,095,305
Cont. from Earmarked Balances – Job Evaluation	-	(300,000)	(300,000)
Cont. from Earmarked GF Budget Reserve – Non-Recurring Expenditure 2008/09	-	(502,560)	(502,560)
City of Durham Council Budget Requirement	13,282,466	13,575,211	292,745

Other Recharges to Services

These budgets include Postage, Information Technology, Building Cleaning, Telephones/Mobiles, and Insurance charges and all costs are fully recharged to services. The Building Cleaning service provides cleaning for the Council's municipal buildings and the Gala Theatre. In 2008/09 the service has been centralised and costs included within Other Recharges to Services. The mobile phones budget has increased to accommodate the increased costs of hand held devices and increased premiums and outsourcing of part of the service has resulted in an increase in the Insurance budget.

Corporate and Democratic Core

This includes the costs of the democratic process and corporate management arrangements. Reductions in members training, conference expenses and agenda printing have been factored into the budget framework for 2008/09. Changes to the management arrangements of the Town Hall following the refurbishment during 2007/08 have been incorporated into the budget. The budget for staff training has been doubled to demonstrate the Council's commitment to investing in its staff prior to Local Government Review – the additional non-recurring costs being met by the budget support fund in 2008/09. Changes in the officer management structure in 2007/08 (the early retirement of the Chief Executive; Director of Legal and Administration and Head of Housing and associated restructure), the removal of Satisfaction Surveys budget (in lieu of discussions on the requirement to undertake the new Place Survey in 2008/09), a reduction in the contribution to the Insurance Fund and the withdrawal of the subscription to the Local Government Association account for further reductions in this budget area. External audit fees have increased following notification of charges from the Audit Commission and the cost of the Council's municipal buildings have reduced overall following changes to the accommodation used.

Non-Distributed Costs

The change in the budget from 2007/08 to 2008/09 comprises: an increase in leasehold rental income; an increase in costs to meet the pension fund deficit and the additional cost of ERVR applications approved in 2007/08; and a change in the accounting treatment of the administration costs of incomplete Right to Buy applications which are now charged to the HRA.

Central Services to the Public

Central Services to the Public includes Local Tax Collection (including Council Tax, NNDR, Council Tax Benefits), Registration of Electors, Local Land Charges and General Grants and Donations. The 2008/09 budgets have been uplifted by pay and price inflation and reflect the restructuring of the revenues service as a result of the withdrawal of the Door to Door Collection service in April 2008. Other movements in the budget from 2007/08 include the removal of the budget for the local elections held in May 2007; a reduction in the NWA Collection Allowance; a restructure in Benefits Service to deal with the impact of the Local Housing Allowance (which is being funded from a one off DWP grant in the year); and additional contributions approved during 2007/08 to be paid to Durham City CVS and Volunteer Service and Victim Support.

Other Operating Income and Expenditure

An increase in interest received on investments of £126,160 has been built into the budget for 2008/09 reflecting the increase in reserves and balances held by the Council and improvements to the Councils Treasury Management arrangements. A dividend of £750,000 from DVRC has been retained within the budget framework for 2008/09.

Highways, Roads and Transport Services

The major changes incorporated in the 2008/09 budgets for next year are an increase in income from car parking charges (the 2007/08 budget understated expected income when projections were made of the impact of closing Sands 2 and 3 in 2007/08) and a net reduction in the concessionary travel scheme. The Concessionary Travel Scheme is subject to change in 2008/09 with the introduction of free concessionary bus travel throughout England. This is anticipated to increase the budget by £60,000 in 2008/09 but in the grant settlement the Council received additional grant funding of £355,000 so reducing the cost to the Council by £295,000 overall.

Housing Services – Housing General Fund

The 2008/09 budgets have been uplifted by pay and price inflation. The City Care service budget has increased in 2008/09 to fund the purchase of disbursement alarms (in accordance with the contract requirements) and to accommodate the leasing costs of the control room equipment upgrade, approved by Cabinet in 2007/08. An additional post, financed from homelessness grant, has been created in the Homelessness Budget. The restructure of the Benefits service to accommodate the impact of the Local Housing Allowance have also been included in the budget framework.

Environmental Services

Environmental Services comprises Crematoria, Environmental Health, Community Safety, Street Cleansing and Waste Collection (including Refuse Collection, Recycling, Kerbside Recycling). The 2008/09 budgets have been uplifted by pay and priced inflation. The other main changes in the service include: a new Kerbside Recycling scheme increasing the budget by £99,800 (£72,000 of this relates to a non-recurring one off item in relation to the purchase of sacks and is being met by the budget support fund in 2008/09); changes in arrangements for Stray Dog Kennelling; and a reduction to the Contaminated Land Surveys budget. Increases in income are anticipated from the Crematorium of £40,000 and from Gambling licence fees.

Planning and Development Services

The main change in the Planning and Development Service is the replacement of the Planning Delivery Grant by the Housing & Planning Delivery Grant. The distribution of the grant will be focussed on the delivery against housing targets rather than on the performance of Development Control. The amount the Council is likely to receive is unknown at this stage but it has been anticipated that total grant awarded will be in line with the current year's actual allocation, which was £87,461 less than the 2007/08 budget provision. The contribution to the countywide planning partnership has been withdrawn and the contribution to Planning Aid North reduced. There has been an increase in the Planning administration budgets but planning fee income is anticipated to increase by £45,400. The Building Control service is increasing its fees to achieve its income budget. The Community Development budget has increased as a result of increased office accommodation following the move to Humber House and a loss of funding from SRB grant.

Cultural Services

The Cultural Service budget for 2008/09 incorporates the opening of the Freeman's Quay Leisure Centre in July 2008 and the simultaneous closing of the swimming pool at Elvet Waterside. The income projections for the Freeman's Quay facility factor in staged build of usage of the facility and therefore a £75,000 contribution from the budget support fund has been included within the budget framework to offset this year one issue. The subsidy to the Gala Theatre has been reduced by £25,000 to £550,000 for 2008/09. Other changes within the service for 2008/09 are: provision for additional staffing costs within the Tourist Information Centre; additional provision for an on-going commitment to City Centre Christmas lighting; additional fleet management costs in the Parks Service; and additional income from the increase in fees and charges income from the leisure facilities.

Capital Financing Adjustment

This budget includes the costs of servicing borrowing and other treasury management related expenses, plus a minimum revenue provision for depreciation costs. The 2008/09 budgets factor in the replacement of two £1m maturity loans (taken out many years ago at high coupon debt rates) with new loans at half the rate previously paid. Also included is a £100,000 revenue contribution to the financing of the Capital Programme. There is no debt rescheduling planned in 2008/09. A significant proportion of these financing costs are associated with and therefore charged to the HRA under the regulations. Also included within the budgets is the "reversing out" of capital financing charges included within the services above such that they do not impact on the taxpayer.

Other Issues

Included within the 2007/08 budget framework was a contingency sum of £300,000, financed from anticipated Local Authority Business Growth Incentive Scheme Grant (LAGBI), for the implementation of job evaluation / single status in 2007/08. There is no LAGBI grant in 2008/09 and discussions continue with regards to job evaluation. It is proposed that (at 31 March 2008) an earmarked reserve of £300,000 be created to carry this resource forward to 2008/09 to offset the estimated year one costs of implementing job evaluation during next year if an agreement can be reached. This effectively means that implementation dates for an agreement would need to be renegotiated if an agreement could be found during 2008/09.

The City Council has an earmarked Budget Support Fund set aside for this purpose. Included within these figures is non-recurring one off commitments in 2008/09 in respect of an increase in the central training budget to deal with expected increased demands during the transition year (£51,000); the business build / facility commissioning costs in relation to the Freeman's Quay Leisure Centre (£75,000); and the purchase of the new re-usable sacks for the expansion of the kerbside recycling scheme (£72,000). All these costs are included within the relevant service budgets.

The balance (£304,560) relates to part-financing of the £460,000 business continuity / service initiatives provision included within the budget framework to deal with unknown costs associated with business as usual activities during transition to the new authority – for example additional training, agency, overtime payments etc. This provision can also be applied to finance one off small capital environmental schemes / projects during transition, but only where such schemes result in no ongoing detriment to the new authority.

Financial Forecasts – Housing Revenue Account 2008/09

The Council has prepared financial forecasts for 2008/09 as shown in the table below:

2007/08		HOUSING RENEUE ACCOUNT	2008/09	
£000	%		£000	%
INCOME				
15,839	98	Housing Rents (Net of Voids)	16,760	98
176	1	Garage Rents (Net of Voids)	178	1
16	1	Other Non-Dwelling Rents	16	1
57		Heating Charges and Other Income	54	
33		Item 8 Credit	48	
16,121	100	Total Income	17,056	100
EXPENDITURE				
3,503	22	Housing Repairs & Maintenance	3,629	21
4,945	31	Supervision & Management	5,301	31
100	1	Provision for Bad and Doubtful Debts	100	1
1,988	12	Government Grants:	1,897	10
		- Negative Subsidy payable to Government		
1,814	11	Financing Charges:	1,751	10
		- Item 8 debit		
		- Depreciation (Major Repair Allowance)		
3,536	22	- Direct Revenue Financing	312	3
160	1	Provision – Implementation of Job Evaluation	100	1
75	-	Business Continuity - LGR Transition	100	1
-	-			
16,121	100	Total Expenditure	17,056	100

The funding of the Housing Revenue Account (HRA) is very much driven by central Government policy and regulation. The Housing Subsidy System, via the annual HRA Subsidy Determinations, provides the resources to fund Council Housing provision throughout the county. The Government, via its rent restructuring methodology, also controls the Councils annual rent increases. Both these systems have undergone substantial change over recent years, which have impacted significantly on the City Councils HRA - 2008/09 sees further significant changes to the rent restructuring formula in particular.

Housing Subsidy

The Government was extremely late in issuing the draft 2008/09 HRA Subsidy Determinations and the consultation on these proposals did not end until 14 January 2008. The final determinations were received 16 January – which confirmed that the rent constraint allowance, introduced for 2006/07 and 2007/08 to compensate Councils for the 5% cap on rent increases in those years, was to be discontinued from 2008/09.

Notwithstanding the loss of the rent constraint allowance, the 2008/09 HRA Subsidy Determinations have left the Councils HRA in a slightly better position in terms of the overall negative subsidy payable to central Government. Spending allowances for management and maintenance have increased well above the rate of inflation.

The management allowance per property has increased by 7.40% (from £369.58 in 2007/08 to £396.94 in 2008/09), whereas maintenance allowances have increased by 12.52% (from £884.68 in 2007/08 to £995.48 in 2008/09). In addition, the Major Repairs Allowance per property has been increased by 11.56% (from £558.22 in 2007/08 to £622.75 in 2007/08). Taking into account reduced stock levels; this has resulted in increases in Management and Maintenance Allowances of £699,626 year on year, whilst MRA Grant funding (used to finance the HRA Housing Business Plan Capital Programme) has increased by £330,233 next year.

Included within the management allowance is a sum of £4 per property to cover the production of Energy Performance Certificates in 2008/09.

In terms of Guideline Rent income within the Subsidy calculation, the Government have increased guideline rents by 5.68% (increasing the average guideline rent from £49.94 in 2007/08 to £52.78 in 2008/09), resulting in additional income within the Notional HRA (after reductions in stock numbers and accounting for voids of 2%) of £576,114.

There has been a major shift in central Government policy towards rent convergence. In contrast to 2006/07 and 2007/08, the Rent Constraint Allowance has been removed from the formula. To offset the effects of this, the guideline increases (see above) are lower than expected in 2008/09 (the guideline increase was 6.85% in 2007/08) and modelled on the basis of rent convergence by 2016/17, but for one year only and subject to future review. The cap on rent increases above 5% has therefore been removed for 2008/09 only, whilst the Government considers the future direction of the subsidy system.

Housing Rents

The impact of the changes to the rent restructuring / rent convergence model (used to determine the rent increases the City Council) is that rents will increase by 5.50% in 2008/09, increasing the average rent from £50.80 in 2007/08 to £53.59 in 2008/09. As at the 07 April 2008, no Council properties will be at their target rent levels, however, 61% of the tenancy rents will be between 90-99% of their target rent and another 38% will be at 80-89% of their target rent.

The 2007/08 budgets estimated that the opening stock at 31 March 2007 would be 6,189 and it was forecast that there would be 108 sales from Right to Buys, together with a further 10 demolitions in the year. The estimated housing stock at 31 March 2008 was therefore forecast to be 6,071. However, Council house sales slowed considerably in the last few months of 2006/07 and this has continued throughout 2007/08 and is expected to continue throughout 2008/09. Whilst this produces additional income into the HRA it does come at the expense of capital resources that available to the HRA Housing Capital programme through retained elements of the right to buy capital receipts.

The budgets build in the additional income to HRA from these retained stock numbers and, together with a 5.50% increase in rents, have resulted in additional gross rental income of around £850,000. The latest forecasts show that the stock at 31 March will be 6,138, with expected right to buy sales of 55 next year, giving a closing position at 31 March 2009 of 6,083 dwellings. Rent lost from voids is forecast to be 1.50% of gross rents next year.

HRA Expenditure

The 2008/09 HRA maintains a £100,000 provision for Bad and Doubtful debts as part of a medium term strategy to increase this provision to a more prudent level – in line with the Council's approved Debt Management Strategy. New recurring commitments include increases in the budget for relet and disturbance allowances, whilst non-recurring expenditure of £51,000 for the HRA share of the increase in the Corporate Training budget has also been included.

The additional resources generated through rents and the reductions in the negative subsidy payments have allowed an increase in Direct Revenue Financing to the HRA Housing Capital Programme next year. This, plus the additional MRA grant, has helped mitigate against the capital resources lost through the considerable slow down in right to buy sales.

Also included within the HRA is a £100,000 provision for the impact of job evaluation on the HRA, together with a further £100,000 provision for business continuity / service initiatives. Like the General Fund, the business continuity /service initiatives provision is there to deal with unknown costs associated with business as usual activities during transition to the new authority – for example additional training, agency, overtime payments etc. that may be required. This provision can also be applied to finance one off small capital environmental schemes / projects during transition, but only where such schemes result in no ongoing detriment to the new authority

There is no planned use of HRA Working balances in 2008/09.

Financial Forecasts – Capital Programmes 2008/09

In previous years the Council prepared a three-year rolling programme for both Council Housing and General Fund services. However, due to the local government review process only a one year (2008/09) programme has been prepared this year.

The table below shows the original and revised capital spending programmes for 2007/08. Members will recall that the General Fund programme was reduced, amended and refinanced by Cabinet in the year as a result of less than anticipated capital receipts within the original programme and also as a result of a need to secure the financing of the Freeman's Quay Leisure Centre (funded though DVRC) regarding risks associated with the receipt from the sale of the Elvet Waterside development.

The table shows in summary the capital spending plans for both Council Housing (which is in line with the planned commitments to deliver Decent Homes by 2010) and the General Fund, also included in the table is a financing statement for the programme: -

2007/08 Original Programme	2007/08 Revised Programme		2008/09 Programme
		<u>Expenditure</u>	
5,154	5,296	Council Housing	4,704
		General Fund: -	
139	139	- Administration / Architects Fees	-
533	466	- Flourishing Communities	436
3,277	4,144	- Quality Public Services	931
880	1,028	- Capital City	240
150	228	Flourishing Communities Fund	100
600	556	Bowburn Community Investment Fund	320
120	349	Ushaw Moor Community Investment Fund	-
10,853	12,206	Gross Expenditure	6,731
		<u>Financed By</u>	
		Government Allocations:	
248	248	- Supported Borrowing	248
3,536	3,536	- Major Repairs Allowance	3,866
5,051	2,806	Capital Receipts	1,226
764	978	Capital Grants / Contributions	979
		Direct Revenue Financing:	
2	1,014	- General Fund	100
172	206	- Housing Revenue Account	312
1,080	3,418	Use of Earmarked Reserves and Balances	-
10,853	12,206	Gross Capital Income	6,731

Capital Resources

The Major Repairs Allowance (MRA) forms the major part of central Government capital resources allocated to the Council. The City Council's MRA for housing has been set at £3.866m for 2008/09 and increase of £330,000 over 2007/08. The basic allocation under the Single Capital Pot has been set at £248,000 and is unchanged from 2007/08.

The City Council also expects to receive capital grants for Disabled Facilities Grants totalling £199,000, an increase of £30,000 over the amount receivable in 2007/08.

Total central Government support to the capital programme will be £4.313m in 2008/09, compared with £3.952m in 2007/08.

The budget framework includes provisions for direct revenue financing contributions of £100,000 from the General fund and £312,000 from the HRA. There is no planned use of earmarked reserves or balances in 2008/09 to finance the programmes.

In terms of capital receipts, forecast right to buy's receipts account for approximately 70% of the total receipts required to finance the programme in 2008/09. This is based on right to buy completions of 50 in the year, generating a usable receipt per unit of £17,000. The land identified for disposal in 2008/09 is identified below: -

New Brancepeth	- Land at Waltons Terrace - Land at 124/126 Braunespath Estate
Quarrington Hill	- Land at 24 Neil Crescent - Land at 16 David Terrace
Coxhoe	- Land at Lansowne Road
Witton Gilbert	- Land at Front Street (3 no.) - Land next to Glenville House - Land at Rose Lea - Land next to The Cottage

Spending Plans

The 2008/09 capital programme incorporates a number of initiatives which will assist the Council in achieving its key three strategic objectives for Flourishing Communities, Quality Public Services and Capital City. However, the programme also reflects a pragmatic approach in terms of spending public resources during a transition year.

No new major investments are planned within existing facilities such as office accommodation, leisure centres etc. or in new ICT systems in the run up to vesting day. There will be no spend incurred by the City Council which would result in undue detriment / ongoing commitments for the new authority.

Approximately 70% of total capital spending will be on Council Housing in 2008/09, with resources continuing to be focussed on the achievement of the decent homes standard, plus – the “Durham Standard”. In terms of the General Fund Programme, this is dominated by a small number of schemes, as identified in detail in the Budget Book.

2008/09 will see the completion of the Freeman's Quay Leisure Centre, financed through the City Councils innovative partnership with Keepmoat plc (the Durham Villages Regeneration Company). This scheme falls outside of the Councils capital programmes set out above, other than for capital contributions receivable by the City Council and subsequently paid over to DVRC as part of the development arrangement. The 2008/09 revenue budgets include provision for the estimated running costs of this facility, which is expected to open in July 2008.

2007/08 Financial Position and Review

The financial report for the period 1 April 2007 – 30 September 2007 (presented to Cabinet 28 November 2007) identified that overall Council expenditure would be contained within approved budgetary resources – with a contribution to the General Reserve of £186,000. If the forecast position is achieved, the General Fund Budget Support Reserve would rise to £686,000 at 31 March 2008.

The report to Cabinet also estimated that the HRA would return an underspend / saving of £297,000 in 2007/08, thus, the HRA Working balance was estimated to rise to £1.18m at 31 March 2008.

Cabinet at its meeting of 5 March will consider in detail the budgetary control report for spend to 31 December, together with a revised probable outturn forecast. Initial indications are that both the General Fund and HRA will return an underspend / saving in 2007/08, but perhaps not as much as first anticipated.

Reserves and Balances

The Local Government Act 2003 requires all local authorities to reach and maintain a minimum level of resources – balancing risk against the opportunity costs of maintaining balances at too high a level.

During the year Council (at its meeting of 27 September 2007) reviewed its policy with regard to reserves and balances, both in terms of the purpose and level of those reserves and balances and the delegated approvals required to apply them to strategic priorities. A number of earmarked reserves and balances were consolidated into the General Reserve and approval was gained to apply sums to the financing of a number of capital projects / commitments in 2007/08 – as a result of reductions in capital receipts from Right to Buy sales and delays in the disposal of land earmarked for sale in 2007/08.

On 27 September 2007 Council approved the establishment of three reserves from the existing General Reserve.

- a Strategic Emergency Reserve of £700,000
- a General Reserve of £500,000
- a Capital Fund – Revenue Contributions of £2,005,000

The following risk based policy on reserves and balances was also approved by Council:

Strategic Emergency Reserve

The purpose of the Strategic Emergency Reserve is to cover emergency events such as unforeseen financial liabilities or natural disasters. This reserve currently equals 5% of the Council's net General Fund revenue budget and the Bellwin sum and is the recommended minimum amount of reserves that should be retained by the Council as a contingency

Only the Council itself may authorise the use of this reserve, except in the circumstances where a major emergency is declared, requiring the deployment of the Council's emergency planning arrangements and the establishment of Gold and Silver Command. In these circumstances, Council gives the Chief Executive, as the designated Gold Commander, delegated powers to authorise the deployment, if necessary, of all available resources, including this reserve;

General (Budget Support) Reserve

The purpose of the General Reserve is to support one-off and limited ongoing revenue expenditure in the existing financial year (provided that this expenditure cannot be met from existing earmarked revenue/reserves and/or anticipated savings in the year, currently 2008/09). These include the costs of Job Evaluation, maintaining Business as Usual during transition under Local Government Review and the impact of the Comprehensive Spending Review in 2008/09. Cabinet approves the deployment of this reserve, via the quarterly budget monitoring reports, the 2008/09 estimates report or other reports. Council will review this reserve annually when considering the estimates and at that point identify requirements for the following financial year.

Capital Fund – Revenue Contributions

The purpose of the earmarked Capital Fund - Revenue Contributions is to finance, if required, the existing capital programme in 2007/08 and 2008/09, to meet, if necessary, the costs of contractually committed capital works/programmes undertaken by DVRC on the Council's behalf in 2007/08 and 2008/09 and to fund further capital schemes outlined in existing Corporate Plans, including the Capital Strategy, Medium Term Financial Plan. The S151 Officer, in conjunction with the Leader and Deputy Leader, are authorised to:

- i) make any necessary transfers / provisions / adjustments from this reserve when preparing the Statement of Accounts in 2007/08 and 2008/09
- ii) deploy this resource, if required, to suitably finance the General Fund / Housing Capital Programmes (including payments for all contractually committed schemes to DVRC) in 2007/08 and 2008/09

Subject to the agreement of the S151 Officer and the Monitoring Officer that funds are available, Cabinet is currently authorised to approve further capital schemes, with such schemes being financed from this reserve, or from other earmarked reserves, such as the Unapplied Capital Receipts Reserve, Flourishing Communities Fund etc. All reserves and balances are reviewed quarterly via the quarterly budget monitoring report presented to Cabinet.

The Strategic Emergency Reserve currently stands at £700,000 and will remain at (at least) this level until vesting day of the new authority. The Capital Fund – Revenue Contributions Fund has been fully allocated to finance the 2007/08 programme and therefore there will be no balance on this fund at 31 March 2008.

In terms of the General (Budget Support) Reserve, as noted above, the estimated balance at 31 March 2008 currently stands at £686,000. The budget framework includes support of £502,560 from this reserve during 2008/09. Included within this figure is non-recurring one off commitments in 2008/09 in respect of an increase in the central training budget to deal with expected increased demands during the transition year (£51,000); the business build / facility commissioning costs in relation to the Freeman's Quay Leisure Centre (£75,000); and the purchase of the new re-usable sacks for the expansion of the kerbside recycling scheme (£72,000).

The balance (£304,560) relates to part-financing of the £460,000 business continuity / service initiatives provision included within the budget framework to deal with unknown costs associated with business as usual activities during transition to the new authority – for example additional training, agency, overtime payments etc. This provision can also be applied to finance one off small capital environmental schemes / projects during transition, but only where such schemes result in no ongoing detriment to the new authority.

The current estimated balance on the General (Budget Support) Reserve at 31 March 2009 is therefore £183,440, however, it must be noted that this is based on the provisional outturn position for 2007/08 reported to Cabinet in November 2007, which is currently being recast for members consideration on 5 March 2007. It also assumes that the full £460,000 business continuity / service initiatives provision will be expended in 2008/09 and that all other budgets come in at their forecast levels next year, which is unlikely. The City Council has consistently come in slightly under-budget in recent years and there is no reason to suggest 2008/09 will not be the same.

The balance on the Housing Revenue Account is forecast to be around £1m at 31 March, 2008 and will be maintained at this level in 2008/09. This fulfils the requirements of the previous Medium Term Strategy, which has seen the HRA Working Balance almost double over the last four years, providing capacity and flexibility to respond to housing investment needs as they arise, plus the medium term issue of needing to finance a further stock options appraisal by 2010 – in line with the conditions imposed by Government Office following the original stock options appraisal in 2005.

Financial and Operational Risks

The City Council is determined to continue to provide clear “Community Leadership” in 2008/09. The Council has long-standing embedded fundamental guiding principle of securing the services the public require, to a quality they deserve and at a cost they consider affordable. 2008/09 will be no different and the City Council strive to maintain business as usual and effectively contribution to the establishment of the new authority and as such is in the process of developing a Transitional Plan to address these issues.

2008/09 will pose a unique challenge in terms of the transition to the new authority. This will most likely be the last budget prepared by the City Council; however, it continues to be a robust budget. The budgets have been prepared on a low / medium risk basis to ensure that the City Council continues to effectively balance levels of service provision and spending required.

Among the highest risks and issues that have been considered and addressed are:

- ◆ the implementation of Local Government Restructuring in County Durham;
- ◆ the implementation of Single Status and Job Evaluation;
- ◆ the opening of the new Freeman’s Quay Leisure Centre;
- ◆ the continued implementation of the e-Government and access to services initiatives;
- ◆ the rationalisation programme for office and civic buildings;
- ◆ the continued changes to the City Care Service, as a result of the introduction of new service standards by City of Durham Council
- ◆ the Trading Position of the Gala Theatre;
- ◆ the achievement of projected investment income and DVRC dividends;
- ◆ the volatility of energy and fuel markets, regionally, nationally and internationally
- ◆ the achievement of efficiency targets and programmes; and
- ◆ the achievement of performance targets and outcomes, which release Government grants and funding;

There are strong financial governance and risk management frameworks embedded within the Council that provide a high degree of comfort and assurance. These will be maintained and used throughout 2008/09.

In 2008/09 the City Council will continue to monitor ongoing risks, principally surrounding many of its income sources, notably fees and charges and the continuing requirement to ensure all expenditure is rigorously controlled. The budgets take full account of all known commitments, the impact of the loss or receipt of all external finance streams where appropriate.

In addition, the Council is facing greater inflationary pressures than in previous years. The 2008/09 pay award negotiations will not be concluded until well into the financial year. The estimated impact of a 0.50% increase in the pay award over and above the 2.5% built into the budget framework next year is £165,000 on the General Fund and £60,000 on the HRA.

In revenue terms, the City Council’s higher theoretical financial risk will always be its ability to collect Council Tax, rents and other income due. The investment in staff and IT systems in recent years has improved its capacity to fulfil this function and these improvements are expected to be maintained. In addition, the City Council holds substantial bad debt provision on its balance sheet.

The City Council is also faced with implementing Job Evaluation / Single Status Agreements for all staff in the coming year. The Budget Framework makes some financial provision for these costs (£300,000 in the General Fund and £100,000 in the Housing Revenue Account), financed from an earmarked reserve that will be created at 31 March 2008, however, this subject to current and ongoing negotiations with Trade Union representatives.

The budgets incorporate the revenue running costs associated with the opening of the Freeman's Quay Leisure Centre in July 2008 and the simultaneous closing of the swimming pool at Elvet Waterside. The income projections for the Freeman's Quay facility take into account the fact that there will be staged build of usage of the facility and included within the budget framework is a £75,000 contribution from the budget support fund to offset this year one issue. The operating costs of this facility will be closely scrutinised throughout 2008/09.

In 2008/09, like in 2006/07, one of the major risks was the statutory changes in the Concessionary Fares Scheme. The City Council has worked closely with all local authorities in County Durham to establish a scheme that mitigated the financial risks in the coming year, whilst maintaining the benefits to those eligible. In 2008/09, the outstanding risk is the level of inflationary increase which will not be known until April. However, the evidence suggests that the County scheme can be maintained with the existing resources (plus inflation).

The City Council will continue to target its resources at meeting its statutory requirements in Licensing, Environmental Health and in managing and maintaining the property it owns. This investment should assist in mitigating the risks these statutory obligations bring.

The Gala Theatre, once a major financial risk to the City Council, has successfully met its financial targets in recent years and this is expected to continue. Therefore, the Council has reflected this in the 2008/09 budget, reducing the provision for the operating costs to £550,000.

The Budget makes provision for a substantial dividend from Durham Villages Regeneration Company. This is somewhat dependent on prevailing conditions within the housing market and will require close monitoring during 2008/09. The Council already has robust arrangements in place to do so, through its representation on the DVRC board.

The City Council will need to continue to carefully monitor the income it receives from fees and charges. Planning and Building Control Fees and Land Charges are partly dependent on the local housing market, a thriving construction industry and favourable interest rates. The income from charges in its Leisure and Cultural facilities is also partly driven by the disposable income of its customers. This is heavily influenced by general economic trends and interest rates.

The Council has also maintained within its revenue budgets a 3% efficiency savings on employee related costs for staff turnover. These will require continued careful management during 2008/09. However, the Council has effective financial and performance management systems in place to monitor these.

It is important to note that the City Council has continued to develop its systems for risk management. It has a well established Risk Management Working Group and embedded within the governance framework is a process of regularly reviewing assessing the City Council's strategic and major financial risks as well as robust systems and procedures in place to manage operational risks.

In terms of the Capital Programme, there are two main risks, the robustness of funding streams and the achievability of capital schemes, in terms of timeliness and cost.

There is clearly an inherent risk in the reliability of funding streams. The level of receipts from the sale of Council houses is reliant on the strength of the housing market and interest rates. The Council will also need to complete its planned programme of disposals (identified above).

There are robust arrangements in place, both to plan and monitor individual capital schemes and the financing of the capital programme. In addition, regular financial monitoring reports (covering Revenue and Capital Budgets for the General Fund and H.R.A. and incorporating forecasts of estimated outturns) are submitted to Cabinet and subsequently considered by the Scrutiny Committee. The Council has also established a corporate project management framework, based on the Prince 2 methodology.

The Council's largest capital scheme (currently on site) is the construction of the Freeman's Quay Leisure Centre, due for practical completion in June 2008. This facility was procured and financed through the City Council's innovative Joint Venture Company, DVRC and as such is not included with the Council Budgets. It is funded through a combination of land transferred for development to DVRC (members will recall that DVRC hold the majority of the development land available within the District), capital receipts from land sales (jointly marketed by the City Council and DVRC), and contributions from the private sector leisure operator / grants from other bodies – both of which come direct to the City Council and are then paid over to DVRC on a staged payments basis.

The Council is required to meet any shortfall on practical completion (June 2008), however, the risks inherent with this development have been assessed in detail and reviewed consistently throughout the last two years. Contingency arrangements have been put in place to ensure that no shortfall exists and therefore no financial liability accrues to the City Council next year.

Summary

In light of the comments and issues identified above, the Director of Financial Services is satisfied that the risk inherent within the budgets lies within the operational, managerial and financial capacity of the City Council during 2008/09.

Conclusions – 2008/09 Budgets

Over recent financial years the City Council has made significant progress in meeting its operational and financial pressures. It has developed and embedded sound financial governance arrangements. This has been recognised with its Use of Resources assessment scores.

In the period 2004/05 to 2006/07 the General Fund Reserve was progressively and substantially increased to provide the necessary contingency to cover the financing of the significant capital investment programmes during 2006/07 and 2007/08. This financial strategy proved extremely prudent and beneficial in 2007/08. The Council was able to respond to and accommodate the loss of resources from a number of land sales in 2007/08 and secure the financing of the revised programmes by utilising these resources.

In 2008/09, the Council is facing a more difficult financial environment than in recent years, carrying with it an increased degree of risk. This is exacerbated by the fact that 2008/09 will most likely be the last year for the City Council and as such will be a transitional year to the new authority.

This will place significant added burdens and risks on the Council and its staff. The budgets recognise and accommodate this through the creation of a business continuity / service initiative budget.

Through prudent management and the establishment and planned improvement of efficiency programmes and robust financial performance and risk management systems, the Council should be able to meet these pressures whilst keeping its commitment to keep Council Tax increases in line with inflation by setting a below inflation increase of 1.9%.

Parish Precepts

In accordance with the Local Government Finance Act 1992, Parish Council precepts must be issued against the City Council's General Fund and for 2008/09 these total £431,946, compared with £386,205 for 2007/08, which represents an average increase of £45,741 or 11.84%. A detailed breakdown of the individual precepts for each parish area is shown below:

2007/08	Parish	2008/09	Increase (£)	Increase (%)
12,000	Bearpark	14,000	2,000	16.67
65,000	Belmont	65,000	-	-
4,436	Brancepeth	5,600	1,164	26.24
103,560	Brandon & Byshottles	124,914	21,354	20.62
23,000	Cassop-Cum-Quarrington Hill	24,150	1,150	5.00
28,000	Coxhoe	33,473	5,473	19.55
7,200	Croxdale & Hett	7,200	-	-
36,200	Framwellgate Moor	38,200	2,000	5.52
8,231	Kelloe	8,566	335	4.07
11,495	Pittington	12,875	1,380	12.00
13,500	Shadforth	14,000	500	3.70
23,550	Sherburn Village	24,468	918	3.99
10,000	Shincliffe	10,000	-	-
20,000	West Rainton	25,000	5,000	25.00
20,033	Witton Gilbert	24,500	4,467	22.30
386,205	Total	431,946	45,741	11.84

Principal Precepting Authorities

The Local Government Finance Act 1992 establishes the City Council as the 'Billing Authority' for Council Tax. The County Council, Police Authority and (latterly) the Durham and Darlington Fire and Rescue Authority are designated as 'Principal Precepting Authorities'. Each of these sets its own budget requirements and levies this on the Billing Authority, who includes their requirements on the annual Council Tax Demand notice (the Council Tax Bill). The County Durham and Darlington Fire and Rescue Authority will meet on 19 February to set its precept, Durham Constabulary on 22 February and Durham County Council on 26 February.

Responsibilities of the Chief Financial Officer

Under Part 2 of the Local Government Act 2003, the Chief Finance Officer of an Authority is required to report on the following matters:

- a) the robustness of the estimates made for the purposes of determining its Budget Requirement for the forthcoming year
- b) the adequacy of the proposed financial reserves

There is then a requirement for the Authority to have regard to a report of the Chief Finance Officer when making decisions on its Budget Requirement and level of financial reserves.

In addition, under the Prudential Code Framework, the Chief Finance Officer of an Authority is required to prepare and report upon a series of Prudential and Affordability Indicators. These arise from capital and revenue Budget proposals which the Authority is then required to have consideration to when making decisions as to their future capital investment expenditure. These Indicators are the subject to a separate report to Council.

In the City of Durham, the Chief Financial officer is the Director of Financial Services, Paul Darby. For the purposes of the Local Government Act 2003, the 'financial reserves' of the City Council would incorporate Earmarked Reserves and Working Balances.

There is also a requirement upon the Chief Finance Officer of an Authority to prepare a Treasury Management Policy Strategy Statement in accordance with the CIPFA Code of Practice on Treasury Management in Local Authorities. This is the subject of a separate report to Council.

To fully satisfy the Chief Finance Officer in respect of the robustness of estimates, any proposed Budget or amendment should therefore:

- ◆ be fully based upon the advice of Service Officers (supported by Finance Officers) – or based upon or supported by information the Chief Finance Officer considers reasonable to accept
- ◆ provide only for Budget proposals that are fully costed to service level and where the implications – both financial and upon service performance – are estimated and identified
- ◆ provide for all known future developments, either through direct service Budget allocations or the establishment of specific reserves for such purposes
- ◆ provide for an adequate of balances and reserves consistent with the requirements of any Regulation that may be earmarked and/or the Authority's own risk assessment
- ◆ provide for the full revenue implications of the Capital Programme
- ◆ establish clear targets for income collection in respect of key income streams
- ◆ ensure there are no unidentified savings targets
- ◆ where appropriate, ensure that the consequences of current over and under spendings have been taken into account

In addition, the Chief Finance Officer is required to report if, in his view, the level of balances and reserves are likely to be inadequate. Therefore, any proposed Budget or amendment should provide for an adequate level of reserves based upon the advice of Officers and having regard to the Authority's own risk assessment.

This page is intentionally left blank