

Agenda Item 5(a)

STATUS PUBLIC

Portfolio Member/Director/Head of Service Councillor Dennis Southwell/ Paul Darby	Portfolio Finance
Subject Annual Report on the Treasury Management Service and Actual Prudential Indicators 2007/2008	Date 3 September 2008
	Forward Plan No
Contact Officer Paul Darby, Director of Financial Services Tel : 0191 301 8622 Email : pdarby@durhamcity.gov.uk	Previous Minutes None
Purpose of Report The purpose of this report is to report on the actual treasury management activity and performance against the associated prudential indicators for 2007/08, as set out in the Treasury Management and Investment Strategies approved by Council on 26 February 2007.	
Executive Summary This report shows that the Council fully complied with its legislative and regulatory requirements in terms of its treasury management activity in 2007/08. It confirms that borrowing was only undertaken for a capital purpose and that the Statutory borrowing limit and the Authorised Limits, were not breached in the year. Finally, the report sets out details of the outturn performance against the Council's approved prudential indicators for 2007/08.	
Portfolio Member Recommendations or items Requiring a Cabinet Decision That Cabinet note and approve the Treasury Management stewardship report and performance against the prudential indicators for 2007/08, as set out in Appendix A.	
Reasons for Recommendations This report is a requirement of the Council's reporting procedures and is in line with both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.	
Alternative Options to be Considered None – the reporting of performance against the Treasury Management and Investment strategies approved by Council is a key corporate and financial governance requirement and therefore not reporting performance is not an option.	

<p>Consultation</p> <p>The content of this report and the associated appendix has been considered and approved by the Council's Officers Management Team, including the three statutory Officers, and follows guidance received from the Council's appointed Treasury Management Consultants.</p>
<p>LGR Implications</p> <p>There are no issues relating to this report which warrant any further clarification or approval from Durham County Council under the provisions of Local Government and Involvement in Health Act.</p>
<p>Financial, Legal and Risk Implications</p> <p>There are no specific financial, legal or risk implications risks associated with this report.</p> <p>Financial, legal and risk implications, particularly minimising exposure to risk, underpin the Councils internal controls and procedures within the Treasury Management service. The policies and procedures in place reflect the strategies approved by Council and are subject to close and regular scrutiny.</p>
<p>Resource Implications</p> <p>There are no specific resource implications associated with the approval of this report.</p>
<p>Timescale for Action</p> <p>Not applicable – the recommendations in this report are not time specific.</p>
<p>Associated Policies and Plans</p> <ul style="list-style-type: none"> • Treasury Management Strategy and Prudential Indicators 2007-08; and • Revenue and Capital Budgets 2007-08 • Annual Statement of Accounts 2007-08;
<p>Supporting Documents</p> <ul style="list-style-type: none"> • Appendix A – Annual Report on the Treasury Management Service and Actual Prudential Indicators 2007-08
<p>Background Papers</p> <ul style="list-style-type: none"> • Prudential Capital Code for Capital Finance in Local Authorities – Prudential Indicators 2006-07 – Report to Council 27 February 2006 • Treasury Management & Investment Strategy 2007/08–2009/10 – Report to Council 26 February 2007 • Prudential Indicators 2007/08–2009/10 – Report to Council 26 February 2007 • Quarterly Report on the Activities of Treasury Management Operation for the City Council – Quarter Ended 30 June 2007 – Report to Council 5 September 2007 • Half Yearly Report on the Treasury Management Service and Actual Prudential Indicators 2007-08 – Report to Cabinet 28 November 2007 • Report on the Treasury Management Service and Actual Prudential Indicators 2007-08 – Position at 31/12/07– Report to Cabinet 05 March 2008 • Guidance from Council's appointed Treasury Management Consultants – Butlers • Agresso Financial Management system and associated working papers



Annual Report on the Treasury Management Service and Actual Prudential Indicators 2007/08

Paul Darby, Director of Financial Services
September 2008

1. ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2007/08

1.1 Purpose

- 1.1.1 The annual treasury report is a requirement of the Council's reporting procedures. It covers the treasury activity for 2007/08, and the actual Prudential Indicators for 2007/08.
- 1.1.2 The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

1.2 Introduction

- 1.2.1 The Council undertakes capital expenditure on long term assets. These activities can be funded immediately through capital receipts, capital grants etc., although any residue which cannot be immediately paid for will give rise to a borrowing need. This borrowing need will be charged to revenue over a number of years. The area of capital expenditure activity is regulated by the CIPFA Prudential Code, which requires actual outturn to be reported in the following areas:

- the capital activity for the year;
- how this activity was financed;
- the impact on the Council's indebtedness for capital purposes;
- the Council's overall treasury position;
- the reporting of the required prudential indicators;
- a summary of interest rate movements in the year;
- debt activity; and
- investment activity.

- 1.2.2 Part of the Council's treasury activities is to address any borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activities also include managing the Council's cash flows, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then optimise performance. This area of activity is regulated by the CIPFA Code of Practice on Treasury Management.

2. The Council's Capital Expenditure and Financing 2007/08

- 2.1 The Council undertakes capital expenditure on long term assets. These activities may either be:
- Financed immediately through capital receipts, capital grants etc.; or
 - If insufficient financing is available, the expenditure will give rise to a borrowing need.

- 2.2 Part of the Council's treasury activities is to address this borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activities also include managing the Council's cash flows, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then optimise performance. Wider information on the regulatory requirements is shown in Section 10.
- 2.3 The actual capital expenditure forms one of the required prudential indicators. The table below also shows how this was financed:

2006/07 Actual		2007/08 Estimate	2007/08 Actual
3,259	Non-HRA capital expenditure	5,701	5,134
5,814	HRA Capital	5,154	5,154
9,073	Total capital expenditure	10,855	10,288
	Resourced by:		
3,734	- Capital receipts	5,072	1,117
3,550	- Major Repairs Allowance	3,536	3,536
454	- Capital grants & Contributions	759	863
427	- Capital Reserves	1,080	3,330
660	- Revenue	160	1,194
248	Unfinanced capital expenditure (additional need to borrow)	248	248

The financing of the 2007/08 capital programme reflected the strategy adopted to accommodate the substantial reduction in the forecast capital receipts experienced in the year. The revised programme included the full application of the earmarked Capital Fund (which was increased in September 2007) and an additional £1m contribution from revenue – offset by additional dividends receivable from the Durham Crematoria, following a review of the reserves and balances held by the Joint Committee during the year.

3. The Council's Overall Borrowing Need

- 3.1 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position. It represents 2007/08 and prior years net capital expenditure which has not yet been paid for by revenue or other resources.
- 3.2 The Non-HRA element of the CFR is reduced each year by a statutory revenue charge (called the Minimum Revenue Provision - MRP). The total CFR can also be reduced by:
- the application of additional capital resources (such as unapplied capital receipts); or
 - charge more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP) or depreciation.
- 3.3 The Council's CFR for the year is shown below, and represents a key prudential indicator.

2006/07 Actual		2007/08 Estimate	2007/08 Actual
22,518	Opening Balance	22,597	22,597
248	+ Unfinanced capital expenditure	248	248
(169)	- MRP/VRP/Other*	(162)	(162)
22,597	Closing Balance	22,683	22,683

* Includes deferred purchase, finance lease repayments, depreciation and application of capital receipts

- 3.4 With effect from 1 April 2008 the CLG introduced new Guidance which required an MRP Policy to be approved by Members on an annual basis. Whilst the regulations revoked the previous statutory MRP requirements, Councils were allowed to continue this historical accounting practice should they wish to do so. The Councils MRP policy was approved by Council 26 February 2008, where the following MRP Statement was approved:

For capital expenditure incurred before 1 April 2008 or which in the future will Supported capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outline in former CLG Regulations

From 1 April 2008 for all unsupported borrowing the MRP policy will be:

- **Asset Life Method** – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations;
- **Depreciation method** – MRP will follow standard depreciation accounting procedures.

4. Treasury Position at 31 March 2008

- 4.1 Whilst the Council's gauge of its underlying need to borrow is the CFR, the Councils appointed Section 151 Officer and the treasury function can manage the Council's actual borrowing position by either:
- borrowing to the CFR; or
 - choosing to utilise some temporary cash flow funds instead of borrowing (under-borrowing); or
 - borrowing for future increases in the CFR (borrowing in advance of need).
- 4.2 Members should note that the accounting practice required to be followed by the Council (the Statement of Recommended Practice – the SoRP), changed in the 2007/8 accounts. New disclosure requirements were introduced which required financial instruments (debt and investments etc.) to be measured in a method compliant with the new Financial Reporting Standards. The figures in this report are based on the actual amounts borrowed and invested and so may differ from those in the final accounts by items such as accrued interest.

- 4.3 During 2007/08 the Director of Financial Services managed the debt position by utilising some temporary cash flow funds instead of borrowing, and borrowing on a short term basis from the Crematorium Joint Committee. This reduces the cost to the General Fund and the treasury position at the 31 March 2008 compared with the previous year was:

31 March 2007		Treasury Position	31 March 2008	
Principal	Ave. Rate		Principal	Ave. Rate
£19.1m	9.39%	Fixed Interest Rate Debt – PWLB	£19.7m	8.7%
£2.0m	6.8%	Fixed Interest Rate Debt – Market Loans	£2.0m	6.8%
£1.4m	4.41%	Variable Interest Rate Debt - Crem	£0.4m	5.24%
£22.5m	8.98%	Total Debt and Consolidated Rate of Int.	£22.1m	8.55%
£2.0m	5.5%	Fixed Interest Investments	£3.3m	5.91%
£6.7m	4.71%	Variable Interest Investments	£1.5m	5.52%
£8.7m	4.77%	Total Investments	£4.8m	5.65%
£13.8m	N/A	Net borrowing position	£17.3m	N/A

5. Prudential Indicators and Compliance Issues

- 5.1 Some of the prudential indicators provide either an overview or specific limits on treasury activity. These are shown below:
- 5.2 **Net Borrowing and the CFR** - In order to ensure that borrowing levels are prudent, over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2007/08 plus the expected changes to the CFR over 2008/09. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

2006/07 Actual		2007/08 Estimate	2007/08 Actual
13.8m	Net borrowing position	14.4m	17.3m
22.6m	CFR (Position at 31/03/07)	22.6m	22.6m

NB. The CFR for 2007/08 was £22,640m and the estimated position for 2008/09 is £22,729m, therefore the net borrowing has not been exceeded.

- 5.3 **The Authorised Limit** - The Authorised Limit is the “Affordable Borrowing Limit” required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2007/08 the Council has maintained gross borrowing within its Authorised Limit.
- 5.4 **The Operational Boundary** – The Operational Boundary is the expected borrowing position of the Council during the year, and periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached.
- 5.5 **Actual financing costs as a proportion of net revenue stream** - This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2007/08
Original Indicator - Authorised Limit	28.782m
Maximum gross borrowing position	22.492m
Original Indicator - Operational Boundary	26.182m
Average gross borrowing position	22.303m
Minimum gross borrowing position	22.014m
Financing costs as a proportion of net revenue stream:- HRA	13.02%
General Fund	-1.76%

6. Economic Background for 2007/08

- 6.1 All treasury activity is directed by both the current market interest rates and expectations of future movements, for instance longer term investment rates for one and two years will reflect anticipated movements in the MPC Bank Rate (UK Repo Rate). Longer term borrowing rates are influenced by inflation and demand and supply considerations.
- 6.2 The rising trend in UK interest rates continued in the first half of the 2007/08 financial year. The domestic economic backdrop continued to present problems for the Monetary Policy Committee, notably in the early summer. CPI inflation breached the 3% upper limit of the Government's target range in April (reported in May), consumer spending growth remained buoyant and an expanding number of companies expressed intentions to raise prices.
- 6.3 Official Bank Rate was raised to 5.5% in May and 5.75% in July in response to the deteriorating inflation outlook.
- 6.4 The market was plunged into chaos in late August as the tightening of credit conditions, triggered initially by the failure of a selection of US mortgage lending institutions, undermined investor confidence. LIBOR rates rose to well over 6.5% as financial organisations' reluctance to lend money to counterparties sparked a severe shortage of funds in the market.

- 6.5 In the UK, the crisis came to a head with the failure of the Northern Rock Bank (September) and while the danger of potential meltdown was defused by the Government's decision to guarantee all deposits with this institution, this failed to prevent a prolonged tightening of credit conditions. Central banks strove to boost market liquidity via the injection of funds to the banking system and there were signs that this might be working in January. But a series of disappointing financial results and a persistent undercurrent of mistrust ensured a wide margin between official and market rates continued to year end
- 6.6 The credit crisis provoked a significant change in the Bank of England's assessment of UK economic prospects over the medium term. It was clearly concerned that the tightening of liquidity and the consequent rise in borrowing rates across the entire economy could lead to a rapid slowdown in activity. This would help to contain inflation pressures. Bank Rate was cut by 0.25% on two occasions, December and February, to end the year at 5.25%.
- 6.7 Long-term rates (PWLB rates) charted an equally erratic course. The upward pressure on rates in evidence in the closing stages of 2006/07 continued into the new year as concerns persisted that international interest would need to rise further to combat mounting inflation pressures. Gilt yields peaked in late June and started to slip lower in the summer months. The flight to safe investments triggered by the financial crisis placed strong downward pressure upon gilt-edged yields in August/September notably at the short end of the maturity range and the rally in this part of the market gained momentum as the year drew on. Progress to lower levels was erratic and limited in the early months of 2008, but the general trend in yields was to lower levels.
- 6.8 The following table demonstrates movement in interest rates throughout 2007/08:

End Qtr	Bank Rate	LIBOR			PWLB Rates		
		3mth	6mth	1yr	5yr	20yr	50yr
2007 Mar	5.25	5.6	5.8	5.9	5.35	4.80	4.45
Jun	5.50	6.0	6.1	6.3	5.80	5.20	4.80
Sep	5.75	6.3	6.3	6.2	5.25	5.00	4.75
Dec	5.50	6.0	6.0	5.8	4.64	4.63	4.47
2008 Mar	5.25	6.0	6.0	5.8	4.14	4.70	4.43

7. The Strategy Agreed for 2007/08

- 7.1 In determining the original strategy for 2007/08 it was expected that there would be positive, but low world and economic growth during 2007/08 and that there was the possibility of volatility in interest rates, which would increase the risks associated with treasury activity. As a result the Council intended to take a cautious approach to investments and borrowing in 2007/08, with the intention that longer term borrowing at fixed rates being advised. The Council also intended to consider the opportunities for debt rescheduling later in the financial year or in future years, taking detailed advice from its appointed Treasury Management consultants.

8. **Actual debt management activity during 2007/08**

8.1 The 2007/08 budgets assumed new borrowing of £0.6M at 1 April 2007 and replacement of three £1M Maturity Loans within the year. All new and replacement loans were anticipated to be in the form of 25 year maturity loans at an estimated interest rate of 5.0%. No debt rescheduling was factored into the 2007/08 budget framework.

8.2 **Actual Borrowing** – New long term loans were drawn solely to finance the net capital spend and naturally maturing debt in the year. The new loans drawn in 2007/08 were as follows:

Lender	Principal	Type	Interest Rate	Maturity	Maturity Date
PWLB	£2.0m	Fixed interest rate	4.75%	40.5 years	31/03/2048
PWLB	£1.25m	Fixed interest rate	4.65%	35.5 years	31/03/2043
PWLB	£1.0m	Fixed interest rate	4.60%	5 years	30/09/2012

8.3 **Principal Repayments** – Principal repayments made in the year totalled £4.928. £3.0m of this was in respect of maturity loans taken out many years ago that expired in 2007/08. Two £1M maturity loans, with a coupon rate of 9.5% expired on 30/09/07, whereas a third £1m maturity loan, again at 9.5%, expired on 31/03/08. In addition, the Durham Crematoria Joint Committee, at its meeting of 3 October 2007, approved the distribution of £1.25M of its reserves, with 80% or £1M being paid to Durham City Council and 20% or £0.25M to Spennymoor Town Council. The £1.25M loan taken out with the PWLB above covered the distribution of these funds and was offset by a corresponding reduction in the City Councils indebtedness to the Crematorium Joint Committee. The new loans detailed above were raised to cover these repayments. The balance of principal repayments made in the year was in respect of principal repayments due on annuity loans held by the City Council.

8.4 **Change of Policy** - In November 2007 the PWLB changed its structure of interest rates and policy in terms of the calculation of premiums and discounts payable on the early redemption of debt. This change ensures that any early repayment of PWLB debt will have a more penal repayment rate applied to it. As such, the cost of any PWLB repayments will be significantly higher in the future and therefore limit the scope for any debt rescheduling activity. No debt rescheduling activity was undertaken during 2007/08.

8.5 **Summary of Debt Transactions** – The overall position of the debt activity resulted in a slight rise in the Consolidated Rate of Interest, from a forecast position of 8.49% to an outturn position of 8.55%. Taking into account amounts recharged to the Housing revenue Account (under the Item 8 Debit calculation) there was a net saving on external interest payments in 2007/08 of £15,172, as detailed below: -

2006/07 Actual		2007/08 Estimate	2007/08 Actual
1.969m	Gross External Interest Payable	1.923m	1.919m
8.98%	Consolidated Rate of Interest	8.49%	8.55%
1.654m	Item 8 Dr – Interest Recharged to HRA	1.585m	1.596m
0.315	Net External Interest Payable – General Fund	0.338m	0.323m

9. Investment Position 2007/08

- 9.1 **Investment Policy** – The Council's investment policy is governed by Government Guidance and professional practice, as outlined in CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities, which has been implemented in the annual investment strategy approved by Council on 26th February 2007.

Officers assess the Council's cash flows on a daily basis, taking into account detailed forecasts of funds needed throughout the year, and invest any surplus funds in accordance with approved Treasury Management Practices (TMP's).

Investments are only made with authorised counter parties. Fixed investments are made for sums of £500,000 plus and for varying periods up to 364 days. Excess funds that are held temporarily for only a few days, for cash flow purposes, are invested in either the Co-Operative Banks Call Account or 7 Day Account held by the Council.

The objective in the strategy is to optimise investment income in accordance with the Council's Treasury Management Statement, whilst at the same time being cautious and prudent in terms of minimising the Council's exposure to risk.

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties during the year.

- 9.2 **Resources** – The Council's longer term cash balances comprise primarily revenue and capital resources, although these will be influenced by cash flow considerations. The Council's core cash resources are comprised as follows, which meet the expectations of the budget:

31 March 07	Balance Sheet Resources (£m)	31 March 08
3,701	General Reserve and HRA Balance	2,218
3,725	Earmarked Reserves and Balances	1,939
19	Provisions (Net of HRA Premiums)	19
1,829	Usable Capital Receipts Reserve	1,608
8,489	Total	5,784

9.3 **Investments Held by Fund Managers** – No funds are now externally managed; all surplus funds are now internally managed / invested.

9.4 **Investments Held by the Council** - The Council does not have the expertise or resources to actively use a wide range of investment products and therefore performance tends to be more stable but lower over the longer term than for professionally managed funds (whose performance may fluctuate more).

The base budget (prepared 4 months in advance of the start of the financial year) assumed that the average interest rate earned on external investments would be 5.25% in 2007/08 and that the average level of external investments would be £10.1m, giving an estimated interest receivable of £530,000 for 2007/08 (£497,000 net of the estimated HRA Item 8 Credit). However, during 2007/08 the Council maintained / managed an average balance of £12.2m and received an average return of 5.65%. The comparable performance indicator is the average 7-day LIBID rate, which was 5.60%.

9.5 **Summary of Investment Transactions** – The overall position in terms of investment income, taking into account amounts credited to the Housing revenue Account (under the Item 8 Credit calculation) was net additional income in 2007/08 of £272,482, as detailed below: -

2006/07 Actual		2007/08 Estimate	2007/08 Actual
0.502m	Gross External Interest Receivable	0.530m	0.819m
0.031m	Item 8 Cr – Interest Recharged to HRA	0.033m	0.049m
0.471m	Net External Interest Receivable – General Fund	0.497m	0.770m

10. Regulatory Framework, Risk and Performance

10.1 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2007/08);
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;

- Under the Act the ODPM (now DCLG) has issued Investment Guidance to structure and regulate the Council's investment activities.
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

- 10.2 The Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.
- 10.3 The Council is aware of the risks of passive management of the treasury portfolio and, with the support of Butlers, the Council's advisers, has proactively managed its treasury position. The Council has continued to utilise historically low borrowing costs and has complied with its internal and external procedural requirements. There is little risk of volatility of costs in the current debt portfolio as the interest rates are predominantly fixed, utilising long-term loans. Shorter-term rates and likely future movements in these rates predominantly determine the Council's investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised through the annual investment strategy, accurately forecasting future returns can be difficult.

11. Estimated and Actual Treasury Position and Prudential Indicators

2006/07 Actual	Figures are for the financial year end unless otherwise titled in italics	2007/08 Original Indicator	2007/08 Actual
£9.1m	Capital Expenditure	£10.9m	£10.3m
	Capital Financing Requirement (CFR) at 31 March		
£18.5m	Housing	£18.8m	£18.8m
£4.0m	Non Housing	£3.9m	£3.9m
£22.5m	Total	£22.7m	£22.6m
	Treasury Position at 31 March		
£22.5m	Borrowing	£22.7m	£22.1m
£0.0m	Other long term liabilities	£0.0m	£0.0m
£22.5m	Total Debt	£22.7m	£22.1m
£8.7m	Investments	£8.2m	£4.8m
£13.8m	Net Borrowing	£14.5m	£17.3m
£22.5m	Maximum Debt (Actual) compared to Authorised Limit (Original Indicator)	£22.7m	£22.5m
£21.9m	Average Debt compared to Operational Boundary (Original Indicator)	£22.6m	£22.3m
1%	Ratio of financing costs to net revenue stream – General Fund	0%	0%

2006/07 Actual	Figures are for the financial year end unless otherwise titled in italics	2007/08 Original Indicator	2007/08 Actual
17%	Ratio of financing costs to net revenue stream – HRA (note 1)	13.4%	13.0%
£7.62	Incremental impact of capital investment decisions on the Band D Council tax	£5.26	£77.14
£1.90	Incremental impact of capital investment decisions on the housing rent levels	£0.68	£0.75
93.8%	Upper limits on fixed interest rates (<i>against maximum position</i>) as above	100%	98.4%
6.2%	Upper limits on variable interest rates (<i>against maximum position</i>) as above	25%	1.6%
Actual % Split	Maturity structure fixed rate borrowing (%)		
17.4	% Maturing Under 12 months	20	3.2%
3.3	% Maturing 12 months to 2 years	20	2.6%
6.3	% Maturing 2 years to 5 years	50	5.1%
18.7	% Maturing 5 years to 10 years	75	16.7%
54.3	% Maturing 10 years and above	90	72.4%
£0m	Maximum principal funds invested (<i>against maximum position</i>) for longer than 364 days	£0m	£0m

Agenda Item 5(b)

STATUS PUBLIC

Portfolio Member/Director Councillor Dennis Southwell/ Paul Darby	Portfolio Finance
Subject Financial Report for the Period 01.04.08 to 30.06.08 – Incorporating a Probable Outturn Position at 31.03.09	Date 03 September 2008
	Forward Plan No
Contact Officer Paul Darby, Director of Financial Services Tel: 0191 301 8622 Email: pdarby@durhamcity.gov.uk	Previous Minutes N/a
Purpose of Report <p>The purpose of this report is to consider the City Council's financial performance for the period 1 April 2008 to 30 June 2008, highlighting areas of over and under spend against the year to date budgets and projecting this to the year end, taking into account known actions and issues for the remaining months of this financial year for the following:</p> <ul style="list-style-type: none"> ◆ General Fund Revenue Account ◆ Housing Revenue Account ◆ General Fund Capital Programme ◆ HRA Housing Business Plan – Capital Expenditure <p>The report also provides details of the position against a range of additional “balance sheet” financial information at 30 June 2008. Reporting of such data is a key requirement of the Audit Commission's Use of Resources assessment framework.</p>	
Executive Summary <p>General Fund Revenue Account For the period 1 April to 30 June 2008, the City Council's net expenditure stands at £3,287,058 compared to a profiled budget for this period of £3,640,788, £353,730, or 9.7%, less than anticipated.</p> <p>The City Council's anticipated General Fund net expenditure at 31 March 2009 is £14,926,949 against an original budget (gross of planned use of balances) of £14,377,771 an estimated budget deficit after taking into account the allocated use of reserves in respect of LGR transition issues and job evaluation costs of £227,606, of £549,178 or 3.82%.</p> <p>Housing Revenue Account Gross expenditure on Council Housing at the end of June 2008, including HRA negative subsidy payable to the Government, was £4,146,115 compared to a profiled budget of £4,132,129 – a £13,986 over spend; or 0.33%. Gross income from Housing Rents and other income, stands at £4,331,146 compared to a profiled budget of £4,264,169 – additional income of £66,977; or 1.60%. The net underspend on the HRA therefore standing at £184,573 at the end of June 2008, compared to an anticipated surplus position of £132,040.</p>	

Executive Summary (Continued...)

The probable outturn for the HRA at 31 March 2009 has been calculated using the June position. Gross expenditure on Council Housing at the end of the financial year, including HRA negative subsidy payable to the Government, is anticipated to be £17,230,907 compared to a budget of £17,056,676 – a £174,231 over spend; or 1.02%. Gross income from Housing Rents and other income for the end of the year are estimated to be £17,237,661, compared to a budget of £17,056,676 – additional income of £180,985; or 1.06%. Therefore the HRA is forecast to return a net £6,754 underspend at the year-end.

General Fund Capital Programme

Gross expenditure at 30 June 2008 amounted to £401,850, which equates to approximately 15% of the (revised) planned total General Fund capital expenditure for the year of £2,743,455. The revised capital programme includes underspends brought forward from 2007/08. Of the balance left to spend direct payments in respect of the Freemans Quay LC (principally payments to DVRC in respect of capital grants and contributions payable to the City Council) amounting to £878,812 account for 37.5% of the remaining budget; £478,756 (or 20.4%) is in relation to Disabled Facilities Grants and Home Repair Loans; and £383,109 (16.4%) is in respect of schemes directed towards the regeneration of Public Spaces (environmental improvements and play areas etc.).

HRA Housing Business Plan – Capital Expenditure

Gross expenditure at 30 June 2008 against the HRA Housing Business Plan (Capital Expenditure only) amounted to £1,296,810, compared with the revised annual total gross expenditure of £4,849,300. Therefore at the end of June, approximately 27% of the planned total HRA Housing Business Plan (Capital Expenditure only) had been incurred.

Ushaw Moor Community Investment Fund

At 30 June 2008 no expenditure has been incurred against the approved schemes in the Ushaw Moor Community Investment Fund. It is anticipated that the outstanding commitments of £319,560 will be fully expended by the end of the financial year.

Bowburn Community Investment Funds

Gross expenditure at 30 June 2008 against the Bowburn Community Investment Fund amounted to £22,336, compared with the revised annual total gross expenditure of £719,405. Therefore at the end of June, approximately 3.1% of the planned total expenditure for the year had been incurred. Of the balance left to spend, the Bowburn Park Refurbishment scheme, accounts for 86% of the unspent balance at 30 June, which is planned for completion in three phases, with partnership funding secured for Phases I and II, and which are due to be completed in 2008/09. Phase III will follow in 2009/10 providing partnership funding is secured. The Councils match funding towards this scheme has been carried forward to 2009/10. It is anticipated that all outstanding commitments will be fully expended by the end of the financial year.

A full report detailing the Council's financial position and the reasons for any under or over spending across each budget head can be found at Appendix A. This report and its associated Annexes also set out full details of the revisions to the Capital Programmes and the position against a range of additional "balance sheet" financial information at 30 June 2008 – with comparative figures provided for 30 June 2007 and 31 March 2008.

Portfolio Member Recommendations or items Requiring a Cabinet Decision

That Cabinet note the financial performance in the period 1 April to 30 June 2008, the estimated outturn position at 31 March 2009 and the projected year-end balances in terms of the General Fund Reserve, the Housing Revenue Account Working Balance and other Earmarked Funds and Reserves;

That Cabinet note and agree the Programmes and Financing arrangements as set out in the Appendix in terms of the General Fund Capital Programme and Housing Business Plan; and

That Cabinet note the year to date position for the various key balance sheet items reported, including the movement on earmarked and non-earmarked funds;

Reasons for Recommendations

To present and account for the City Council's financial performance to 30 June and project this to the year-end to give members an estimated outturn position and the estimated impact that this will have on its reserves and balances.

To ensure that Members are aware of areas of over and under spend against its approved budgets and the reasons for this, together with any mitigating actions that is being taken to address any issues that have arisen.

This report is an integral part of the Council's Corporate and Financial Governance arrangements.

Alternative Options to be Considered

Members may wish to ignore or amend the adjustments made to the capital programme, or ignore the advice of Officers regarding application of reserves and balances. However, the figures included in the report are factual and the amendments to Capital programmes and its financing are in line with decisions taken by Council (26 February 2008 – re Carry Forward of underspends in 2007/08).

LGR Implications

There are no issues relating to this report that warrant any further clarification or approval from Durham County Council under the provisions of Local Government and Involvement in Health Act.

Members should note however that the County Treasurer has been requested to include summary details of the District Councils financial performance against its 2008/09 budgets, together with details of general and earmarked reserves and balances held, use of these and forecast position at 31 March 2009 with the financial monitoring reports considered by the County Council Cabinet on a quarterly basis.

Consultation

Each budget is assigned to a responsible Officer and relevant Director / Head of Service – these are deemed the “budget holders”. Once approved by Council, all budgets are loaded and profiled within the Council’s Financial Management Information System based on anticipated spending patterns within various services. Monthly budget reports are produced directly from the financial management system and considered within departmental management teams on a monthly basis. A summary overall year to date position is considered by Officers Management Team on a monthly basis.

Service Managers have investigated and provided reasons for year to date variances and have been fully involved in the preparation of outturn projections. In addition, the Council’s Officers Management Team have considered and approved this report as both a true reflection of the Council’s financial performance to 30 June 2008.

Financial, Legal and Risk Implications

There are no specific legal risks associated with this report.

Financial risks from a forecast reduction in Right to Buy capital receipts have been mitigated through revisions to the Capital Programmes as set out above and in the attached appendices. Officers Management Team will continue to monitor this situation closely on a monthly basis.

In terms of the General Fund Revenue position, members will note that the current housing market conditions have had a significant impact on the 2008/09 budgets. Indeed, the provisional outturn forecast, and it should be stressed that this is a provisional (through prudent), shows a requirement to transfer £347K from the Strategic Emergency Reserve to cover the shortfall in resources within the General Reserve. This will take the balance on this reserve below the minimum level approved by Council. Officers Management Team and Budget Holders are closely monitoring the situation on a monthly basis and are taking all necessary action to mitigate against this eventually and reduce the overspend forecast at this time. An updated position will be presented to Cabinet in November.

Members should also note that there is a contingent liability held within the 2007/08 Statement of Accounts relating to the potential costs (reclaimed ERDF) in respect of the Millennium City development. Total potential liability exposure amounts to £1.172M, which is not reflected in this report. As members will recall, Central Government (through the Government office North east) are disputing this on behalf of the City Council. The outcome of the appeal is unknown and will not potentially be known for some months to come.

The quality of the information included in this report is to a great extent based on the quality of the data contained within the financial management system and is therefore reliant on the internal controls and performance management frameworks within the Council to ensure this is accurate and reliable. The internal control environment that exists within the Council provides for regular (weekly / monthly) reconciliation’s of key business critical systems. These controls extend to detailed procedures notes and their application is tested via internal and external audit. No significant issues have been identified.

Resource Implications

The financial performance to 30 June 2008, impact on reserves and balances, details of the revisions to the capital programmes and the current position in respect of key balance sheet items are set out in detail in Appendix A. There are no other resource implications arising from this report.




<p>Timescale for Action</p> <p>Not applicable – the recommendations contained within this report are not time related, save for the 2008/09 financial year end being 31 March 2009.</p>
<p>Associated Policies and Plans</p> <ul style="list-style-type: none">• Annual Statement of Accounts 2007/08 (Approved by Council 30 June 2008);• Revenue and Capital Budgets 2008/09 (Approved by Council 26 February 2008);
<p>Supporting Documents</p> <ul style="list-style-type: none">• Appendix A – Financial Report for the Period 01/04/08 to 30/06/08 – Incorporating Probable Outturn position at 31 March 2009.
<p>Background Papers</p> <ul style="list-style-type: none">• Monthly Budgetary Control Reports to Officers Management Team; and• Agresso Financial Management System – Monthly Budgetary Control Reports



**Financial Report for the
Period 01.04.08 to
30.06.08 – Incorporating a
Probable Outturn
Position at 31.03.09**

**Paul Darby, CPFA
Director of Financial Services**

1.0 INTRODUCTION

- 1.1 The purpose of this report is to consider the City Council's financial performance for the period 1 April 2008 to 30 June 2008, highlighting areas of over and under spend against the year to date budgets and projecting this to the year end, taking into account known actions and issues for the remaining months of this financial year for the following:
- General Fund Revenue Account
 - Housing Revenue Account
 - General Fund Capital Programme
 - HRA Housing Business Plan – Capital Expenditure
- 1.2 The report also includes a range of additional "balance sheet" financial information at 30 June 2008 – with the comparative position shown at 30 June 2007 and 31 March 2008 for these items. In year balance sheet reporting helps to improve the Council's financial and corporate governance arrangements and is a key requirement of the Audit Commissions Use of Resources assessment framework. The balance sheet items contained in the report build on other financial information provided to Cabinet, such as Treasury Management activity in terms of external loans and investments (reported in the quarterly Treasury Management reports to Cabinet) and bad debts provisions, outlined within write off reports considered by Cabinet.
- 1.3 The Annexes attached provide details (on a cost centre / budget head by budget head basis) of the position at 30 June and the projected outturn position at the year-end. To assist understanding and focus attention in terms of action planning, the annexes attached include a flag to indicate the following: -
- 1 A 'Green Arrow' [] indicates a variance of less than £10,000 and 10%, no action is required in these circumstances and no specific comment is made within the report to members.
 - 2 An 'Amber Triangle' [] indicates a variance of either more than £10,000 or 10%, in this circumstance the variance will be investigated but may result in no action or no comment in the report
 - 3 A 'Red Circle' [] indicates a variance of more than £10,000 and 10%, in these circumstances the variance will be fully investigated and an explanation will be given in the report

2.0 GENERAL FUND REVENUE ACCOUNT

- 2.1 For the period 1 April to 30 June 2008, the City Council's net expenditure stands at £3,287,058 compared to a profiled budget for this period of £3,640,788, £353,730, or 9.7%, less than anticipated. A detailed summary is attached at Annex - Item 1. This includes the impact of a full reappraisal of central support services recharges budgets at 30 June and therefore shows the year to date actual position with any under and overspends against central support services taken fully into account.

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- 2.2 A point worthy of note is that the actual spend position as at the 30 June 2008 is understated. Whilst the budgets include salaries and wages inclusive of an estimated 2.5% pay award, this is yet to be finalised, and therefore actual costs in the year to date position remain at 2007/08 prices. A 2.5% pay award equates to approximately £113,000 for the period 1 April to 30 June 2008, of which £74,000 relates to the General Fund and £39,000 to the HRA. Members should note that a pay award in excess of 2.5% would result in an over spend on staff salaries in 2008/09. Once agreed the pay award will be applied from 1 April and offset against any deductions in respect of the Industrial Action in July and therefore the current anomaly with the year to date position will disappear from future reports.
- 2.3 For the first time, this Quarter 1 monitoring report also includes a detailed projection in terms of the probable outturn position for the financial year-end. This has been undertaken early as a result of difficulties being experienced across a number of budgets as a result of the housing market conditions / general economic climate in recent months. Early action has been taken across a number of budgets to manage the position presented for members consideration and Officers Management Team continue to work to mitigate, as far as possible, the impact of the current economic circumstances.
- 2.3 Finance Officers have worked closely with all budget holders to determine the reasons for any over and under spending at 30 June and to forecast, based on existing planned activity and current economic conditions, whether this will be a feature at the year-end. Based on this work, the City Council's anticipated General Fund net expenditure at 31 March 2009 is forecast at £14,938,966. This can be compared with the gross base budget position of £14,377,771 – a budget deficit of £561,195 or 3.90%. This assumes that no further allocations are made from the Business Continuity / Services Initiatives budget and that this therefore underspends by £232,394. Adding the £561,195 to the planned use of General Reserves within the budget framework (£502,637) results in a forecast total call on General Fund balances of £1,063,832 at the year end. Full details are also shown in Annex - Item 1, with further analysis of the impact of General reserves shown at Annex – Item 8.
- 2.4 The net under spend at 30 June (£353,730 in Annex Item 1) can be explained by a number of factors, one of which is due to budget phasing, which can often be difficult to predict, particularly in areas where expenditure is irregular through the year. Some of the variances identified in the appendix are as a result of the expenditure not matching the budget phasing but the most significant variances are detailed below, together with commentary on their estimated impact on the forecast outturn position where appropriate: -

Other Recharges to Services

- The year to date underspends are primarily budget phasing issues and are due to timing of invoices yet to be paid for the first quarter;
- Savings on insurance premiums are anticipated at the end of the year and this has been factored into the support service recharges and is therefore reflected in the outturn positions for service budgets;

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- Underspends on Information Technology are due to the reduction in levels of maintenance agreements in some systems and timing issues. Again, these savings have been factored into the support service recharges and are therefore reflected in the outturn positions for service budgets;

Corporate and Democratic Core

- The Town Hall is currently slightly underspent to 30 June, however, savings on the Town Hall Managers post in April and budget phasing issues in respect to premises related expenditure mask the underlying position. The outturn forecast is an overspend of £28,188 and is due to income being below the level originally anticipated in the 2008/09 budget;
- Corporate Management costs are £6,803 overspent at 30 June and forecast to rise to an overspend of £23,515 at the year-end. This is as a result of unbudgeted expenditure in respect of the contribution to the Coalfield Communities initiative and additional legal costs;
- Collectively, Civic Buildings are underspent by £21,713 at 30 June 2008, however, this is primarily due to budget phasing and timing of payments in quarter one and masks unbudgeted costs incurred in April / May in respect of Byland Lodge. The forecast outturn position is a net overspend of £15,798, which reflects the unbudgeted costs of Byland Lodge, which remained in operation during the first seven weeks.

Non Distributed Costs

- Restructure costs show an overspend against the year to date budget of as a result of ER/VR applications approved after the budget was set. This overspend will be offset against efficiency savings achieved in other areas of the budget. The outturn overspend on this budget is forecast at £74,623 – in line with the outturn position for 2007/08;

Central Services to the Public

- Council Tax Collection costs show an underspend of £36,768 at 30 June, however, this is skewed by underspends on revenues staffing and budgeted phasing issues that will not impact on the outturn position. Court cost fee income is slightly above target. The outturn position is expected to be £10,000 below budget as a result of higher than anticipated fee income;
- Customer Services are £24,275 underspent at 30 June, due pay award issues and staff savings in the first three months. Following recent recruitments the forecast outturn is in line with the year to date position;
- Council Tax Benefits are underspent by £8,759 at 30 June, and this is expected to rise to £21,088 by the year end, primarily as a result in staff savings;
- The costs of the Unitary Council Elections at 30 June (£34,986) will be offset by recharges to the County council and will therefore does not feature in the outturn position;

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- Local Land Charges is showing an overspend of £33,469 at 30 June due to a shortfall in search fee income following changes in legislation, a downturn in the housing market and increased competition from the Private Sector. This shortfall is forecast to increase to £133,875 at year end;

Other Operating Income and Expenditure

- Accrued income from interest on investments is broadly in line with the year to date budgeted level at 30 June 2008, with reductions in cash balances being offset by slightly higher than anticipated coupon interest rates. This includes amounts due from DVRC in respect of the finance agreement with them in relation to the £2M capital contribution in 2007/08;
- Members will note that DVRC dividends, which are accrued in March each year and therefore are not a feature of the quarter one position, were budgeted at £750,000. Following a review of the DVRC business plan, factoring in the impact of the significant slowdown in the housing market, not least of which as a result of the “credit crunch” and rising oil prices, forecast dividends have reduced to just £50,000. This is the reason for the £700,000 shortfall forecast for 2008/09;

Highways Roads and Transport Services

- The car parks budget is £27,825 overspent at 30 June, which is a combination of budget phasing issues relating some elements of expenditure and less than anticipated levels of car parking and enforcement charges income. The outturn projection is a reduction in car parking income of £47,024.

Housing Services

- Housing Strategy and Development is showing an overspend of £6,270 at 30 June, due to unbudgeted costs in relation to a contribution to a Travellers Needs Assessment, masked by savings on staffing due to pay awards. The outturn position is an overspend of £21,769;
- The Homelessness and Housing Action Partnership are £23,029 underspent at 30 June, however this is a budget phasing issue and will not feature in the outturn position;
- The year to date position in respect of City Care / CCTV Monitoring is masked by staff savings due to the pay award issue and other budget phasing issues. The outturn position shows an overspend of £17,163, due to overtime payments / additional staffing costs and reduced income.
- The welfare benefits budget is £37,636 under spent at the end of quarter one and is expected to rise to a net underspend of £122,705 at the year end. This is due to staff savings and additional income from overpaid housing benefit recovery;

Environmental Services

- Refuse collection and recycling is currently showing an underspend of £54,433 as a result of lower than anticipated staffing costs (issues relating to the pay

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award) and underspends in supplies and services. The outturn position is forecast to be a net overspend of £31,170

- Door-to-Door recycling is currently overspent by £11,392 due to recycling credits due from County Council not being drawn down as yet. The forecast outturn position at this time is broadly in line with the base budget;
- The Public Health budget is showing a £26,168 underspend due to a combination of staff savings and additional income being received. The outturn position shows a £81,548 underspend and includes the allocation of £50,000 from the HMO Licensing Reserve in 2008/09;
- Income from the Joint Committee of the Durham Crematorium is predicted to be £100,000 greater than the budgeted position due to delays in opening the rival crematoria in the Wear Valley area and therefore no loss of revenue, as was taken into account in the base projections;
- The Licenses and Certificates budget is £41,786 underspent at 30 June due to additional licensing income being received in the first quarter and budget phasing issues in relation to supplies and services expenditure. The outturn position is a net £33,654 underspend for the year;

Planning and Development Services

- The Council has recently been notified of its provisional Housing and Planning Delivery Grant allocations. Amounts receivable in 2008/09 are 20% less than anticipated and this has had an adverse effect on the Planning Services' revenue accounts. In addition, costs associated with the recent failed planning appeal have also needed to be taken into account in outturn projections. On a more positive note, the increases in statutory planning fees have somewhat compensated for a reduction in the number of planning applications.
- Taking these issues into account, members will note that whilst Planning Policy is £14,277 underspent and Development Control is £10,593 underspent at 30 June, both these budgets will be overspent at the year-end. Outturn projections forecast a £14,483 overspend on Planning policy, whereas the Development Control budget is forecast to be £53,908 overspent at the year end. Careful monitoring of planning fee income levels is being undertaken
- Building Control is showing a slight underspend of £7,824 at the end of June, however, taking into account market conditions a prudent projection of a £55,908 overspend at the year end has been included in the probable outturn statements;
- Industrial Development is currently showing an underspend of £21,966 due to a timing issue of payments to Financial Incentives. The outturn position has been calculated to be an overspend of £6,594 at the year-end due to rental income on industrial units being below budget as only 2 of the units are currently occupied;
- Community Development is below budget by £38,584 mainly due to staffing vacancies and pay award savings in the year to date position. Factoring in the pay award etc. this is expected to rise slightly to £45,197 by the year year-end.

Cultural Services

- Leisure Development is £56,128 underspent at 30 June due to staff vacancy savings and pay award issues. Factoring in the pay award etc. this is expected fall to an underspend of £37,094 by the year year-end;
- Indoor sports and recreation is £21,549 at 30 June and is expected to rise to an overspend of £41,008 by the year end, due to reductions in fees and charges income, offset by some savings / reductions on supplies and services expenditure;
- Tourism is £7,673 overspent at 30 June principally due to unbudgeted staffing costs and non-achievement of the 3% turnover efficiency savings target. This is expected to rise to an outturn overspend of £22,592 by the year end.

2.5 The General Fund Balance was £1,366,760 at 31 March 2008 - £666,760 held in the General Reserve and £700,000 in the Strategic Emergency Reserve. Unallocated balances on the Flourishing Communities earmarked reserve totalling £37,711 have been transferred into the General Reserve, taking the position prior to consideration of the outturn to £1,404,471.

2.6 The probable outturn position for the General Fund (see 2.3 above) shows an estimated budget deficit of £549,178, taken with the already planned use of General Fund balances within the 2008/09 budget framework, this results in a total use of General Fund balances of £1,051,815. This would decrease the General Fund balance to £352,656 at the year-end. Full details of the movement on all reserves and balances, together with detailed forecasts of the position at 31 March 2009 for each is set out in Annex – Item 8).

3.0 HOUSING REVENUE ACCOUNT

3.1 Gross expenditure on Council Housing at the end of June 2008, including HRA negative subsidy payable to the Government, was £4,146,115 compared to a profiled budget of £4,132,129 – a £13,986 over spend; or 0.33%. Gross income from Housing Rents and other income, stands at £4,331,146 compared to a profiled budget of £4,264,169 – additional income of £66,977; or 1.60%. The net underspend on the HRA therefore standing at £184,573 at the end of June 2008, compared to an anticipated surplus position of £132,040. Full details are shown in Annex - Item 2.

3.2 Finance Officers have again worked closely with all budget holders to determine the reasons for any over and under spending at 30 June and to forecast, based on existing planned activity, whether this will be a feature at the year-end. Gross expenditure on Council Housing at the end of the financial year, including HRA negative subsidy payable to the Government, is anticipated to be £17,230,907 compared to a budget of £17,056,676 – a £174,231 over spend; or 1.02%. Gross income from Housing Rents and other income for the end of the year are estimated to be £17,237,661, compared to a budget of £17,056,676 – additional income of £180,985; or 1.06%. Therefore the HRA is forecast to return a net £6,754 underspend at the year-end. Full details are also shown in Annex - Item 2.

- 3.3 The net under spend against the phased budget to 30 June 2008 (£52,533) is due to a combination of factors, the main issues as detailed below: -
- Net dwelling and garage income is £51,860 greater than budgeted due to a higher level of housing stock than anticipated as a result of lower than expected Right to Buy sales in the first quarter of this financial year and reduced sales in the last quarter of 2007/08. Rental income lost through voids is just under 1.50% of gross rents, which is broadly inline with the level budgeted. The outturn projection, based on the current level of Right to Buy completions continuing throughout the year (see item 8.2 to 8.4 for details) is for additional income of £148,049.
 - Repairs and maintenance expenditure is £38,115 higher than budgeted at the end of quarter one, primarily as a result of increased costs pressures being faced by the building sector. A forecast outturn position shows an overall overspend of £206,833 on Housing repairs and maintenance expenditure for 2008/09. To offset this position, the provision for business continuity / transition issues will not be spent this year, with the consequent underspend being offset against this position. Careful control will need to be exercised over this budget to ensure that the spend is curtailed within these parameters;
 - Whilst Supervision and Management Expenses are £22,990 underspent at 30 June, a number of budget phasing issues are masking an underlying overspend. Probable outturn projections show an overspend of £36,944 at the year-end, partly offset by anticipated savings of £20,000 against the Council Tax on empty properties budget.
- 3.4 The HRA Working Balance was £851,299 at 31 March 2008, and taking into account the outturn position set out above is expected to rise to £858,053 at 31 March 2009. Full details of the movement on all reserves and balances, together with detailed forecasts of the position at 31 March 2009 for each is set out in Annex – Item 8).

4.0 CAPITAL PROGRAMMES – FINANCING ISSUES AND OVERALL CONTROL TOTALS

- 4.1 The total original gross budgeted spend in 2008/09 was £6.845M.
- 4.2 The approved capital programmes have been amended to reflect the carry forward of underspends in 2007/08 – which totalled £2.038M, as detailed in the Statement of Accounts approved by Council in June 2008. Further amendments (reductions) in relation to underspend of commitments against the Town Hall refurbishment scheme and the carry forward of resources in respect of Bowburn Park refurbishment Phase III, have also been taken into account.
- 4.3 An updated schedule of projected land sales and RTB receipts are set out in Annex – Item 3.
- 4.4 Taking into carry over and amendments to the approved programme detailed above the revised gross capital expenditure is expected to be £8.676M. Summary details of the revised Capital Programmes and the financing statement to support this are set out in

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Annex - Item 4. The only carry over assumed at this stage is in respect of resources available to match fund Phase III works at Bowburn Park in 2009/10, which is unlikely but prudent at this stage in terms of capital financing.

5.0 GENERAL FUND CAPITAL PROGRAMME

- 5.1 Taking into account the amendments outlined above the revised gross expenditure target for 2008/09 is £2,743,455 (see attached – Annex – Item 5). Gross expenditure at 30 June 2008 against the General Fund Capital Programme amounted to £401,850. Therefore at the end of June, approximately 15% of the revised planned total General Fund capital expenditure for the year had been incurred.
- 5.2 Of the balance left to spend direct payments in respect of the Freemans Quay LC (principally payments to DVRC in respect of capital grants and contributions payable to the City Council) amounting to £878,812 account for 37.5% of the remaining budget; £478,756 (or 20.4%) is in relation to Disabled Facilities Grants and Home Repair Loans; and £383,109 (16.4%) is in respect of schemes directed towards the regeneration of Public Spaces (environmental improvements and play areas etc.).
- 5.3 The General Fund Capital Programme, approved by Council in February 2008, as revised to take into carry over amounts and updated financing arrangements, continues to be monitored and reviewed in detail on a monthly basis.

6.0 HRA HOUSING BUSINESS PLAN – CAPITAL EXPENDITURE

- 6.1 Gross expenditure at 30 June 2008 against the HRA Housing Business Plan (Capital Expenditure only) amounted to £1,296,810, compared with the revised annual total gross expenditure of £4,849,300. Therefore at the end of June, approximately 26.7% of the planned total HRA Housing Business Plan (Capital Expenditure only) had been incurred, as shown in Annex - Item 6.
- 6.2 The HRA Housing Business Plan Capital Programme, approved by Council in February 2008, as revised to take into carry over amounts and updated financing arrangements, continues to be monitored and reviewed in detail on a monthly basis.

7.0 EARMARKED COMMUNITY INVESTMENT FUNDS EXPENDITURE

- 7.1 Details of commitments and spend against the Ushaw Moor Community Investment Fund and Bowburn Community Investment Funds are shown in Annex - Item 7.

Ushaw Moor Community Investment Fund

At 30 June 2008 no expenditure has been incurred against the approved schemes in the Ushaw Moor Community Investment Fund. It is anticipated that the outstanding commitments of £319,560 will be fully expended by the end of the financial year, as shown in Annex - Item 7.

Bowburn Community Investment Funds

Gross expenditure at 30 June 2008 against the Bowburn Community Investment Fund amounted to £22,336, compared with the revised annual total gross expenditure of £719,405. Therefore at the end of June, approximately 3.1% of the planned total expenditure for the year had been incurred.

The Bowburn Park Refurbishment scheme, which accounts for 90% of the unspent balance at 30 June, is planned for completion in three phases, with partnership funding secured for Phases I and II, which are due to be completed in 2008/09. Phase III will follow in 2009/10 providing partnership funding is secured. The Councils match funding towards this scheme has been carried forward to 2009/10. It is anticipated that all outstanding commitments will be fully expended by the end of the financial year as shown in Annex - Item 7.

- 7.2 Spend against the budgets allocated to these areas is also monitored and reviewed on a monthly basis.

8.0 BALANCE SHEET REPORTING – KEY ITEMS

- 8.1 The position for the key balance sheet items as at 30 June 2008 is set at in the table below, together with the position at 31 March 2008 (and as at 30 June 2007 where available) for comparison purposes: -

Position at 30.06.07 £'000	Position at 31.03.08 £'000		Position at 30.06.08 £'000
698	264	Bank Balance	79
194	244	Cash in Transit	410
(639)	(670)	Unpresented Cheques / BACS in Transit / Purchasing Cards	(326)
253	(162)	Balance Sheet "Bank"	163
13,997	4,706	Short Term Investments	6,972
(22,384)	(22,014)	Long Terms Borrowing (Total Loans Outstanding)	(21,894)
		Creditors – Accounts Payable System (Agresso):	
167	(14)	- Amounts Registered but Not Due	304
260	(4)	- Amounts Registered: Due 31 to 60 Days	48
18	11	- Amounts Registered: Due 61 to 90 Days	64
4	4	- Amounts Registered: Due 91 + Days	76
449	(3)		492

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Position at 30.06.07 £'000	Position at 31.03.08 £'000		Position at 30.06.08 £'000
		Key / Significant Debtors:	
25,053	1,947	- Net Council Tax Arrears	25,822
19,473	1,013	- Net NNDR Arrears	21,846
647	676	- Net HRA Housing Rent Arrears – Current Tenants	793
509	709	- Net HRA Housing Rent Arrears – Former Tenants	671
541	720	- Invoiced Debtors Arrears – General (Agresso)	695
480	270	- Invoiced Debtors Arrears – Overpaid HB (Northgate SX3)	277
46,703	5,335		50,104
2,029	1,608	Usable Capital Receipts Reserve	1,516

- 8.2 The Council sold 3 dwellings under the Right to Buy (RTB) in the period 1 April to 30 June 2008. The HRA housing stock at 30 June 2008 stood at 6,157 dwellings (there were 6,160 dwellings at 31 March 2008). Budgeted overall Right to Buy, other sales and demolitions for the year totaled 55 when the budgets were prepared. At 3 the first quarter position is well below what was budgeted and indeed if this trend continues for the remainder of the year then only 12 RTB completions will be made by 31 March 2009.
- 8.3 The gross valuation of dwellings sold under the RTB in the first 3 months (as assessed by the City Council's External Valuer) was £321,000 giving an average valuation per RTB completion of £107,000. The average discount allowed was 21%, which produced net receipts of £255,000 – giving an average “sale price” per RTB completion of £85,000. After allowable deductions for RTB Administration and works to these dwellings over the last three years, the City Council retained £74,966 (29.4%) of the net proceeds of the RTB completions in the period to the end of June 2008 with £180,034 payable directly to the Government under the national pooling arrangement.
- 8.4 In 2008/09 the Council budgeted to retain £750,000 of total RTB receipts, however, based on the position during the first quarter and taking into account current market conditions, it is now estimated that usable RTB receipts will be around £200,000 a shortfall of approximately £550,000 of capital resources available to the Council.

9.0 Supporting Documents

- Annex – Item 1: General Fund Revenue Account Financial Summary
- Annex – Item 2: Housing Revenue Account Financial Summary
- Annex – Item 3: Updated Forecast – Capital Receipts 2008/09

Cabinet 03.09.08 – Financial Report

- Annex – Item 4: Overall Capital Programmes and Financing 2008/09
- Annex – Item 5: General Fund Capital Programme
- Annex – Item 6: Housing Business Plan Capital Programme
- Annex – Item 7: Flourishing Communities / Earmarked Community Investment Funds
- Annex – Item 8: Summary of Movement on Reserves and Balances

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GENERAL FUND

BUDGET MONITORING REPORT FOR THE PERIOD 1 APRIL TO 30 JUNE 2008

Base Budget 2008/09 £'000	Service	Profiled Budget Apr-June £'000	Actual Spend Apr-June £'000	Year to Date Over/(Under) Spend £'000	Flag	Probable Outturn 2008/09 £'000	Variance to Base Budget £'000
	Other Recharges to Services						
-	Postage	-	3	3	→	0	-
-	Information Technology	122	122	-		0	-
-	Telephones	-	(6)	(6)	→	0	-
-	Mobile Phones	16	-	(16)	●	0	-
-	Insurance	-	(6)	(6)	→	0	-
-	Risk Management	225	204	(21)	▲	0	-
-		363	317	(46)		-	-
	Corporate and Democratic Core						
227	Members	57	49	(8)	▲	225	(2)
103	Members Discretionary Payments	18	18	-		103	-
45	Civic Functions	19	20	1	→	48	3
231	Democratic Services	54	52	(2)	→	227	(4)
109	Town Hall	29	29	-	→	138	29
136	Human Resources & Central Training	7	-	(7)	▲	132	(4)
5	Push Ahead	1	4	3	▲	5	-
845	Corporate Management	199	205	6	→	869	24
-	Local Government Review	-	-	-		0	-
19	Bank Charges	5	4	(1)	▲	19	-
96	Audit Fees	12	11	(1)	→	96	-
8	Treasury Management	(2)	(2)	-	→	8	-
44	Subscriptions to LA Associations	29	29	-	→	44	-
-	Civic Buildings	48	26	(22)	●	16	16
1,868		474	445	(29)		1,929	61
	Non Distributed Costs						
1	Other Land and Buildings	-	2	2	▲	(1)	(2)
6	Non-Operational Assets	1	1	-	→	6	-
297	Superannuation – Pensions Increase	(23)	(24)	(1)	→	297	-
555	Contributions to meet Pensions Fund Deficit	139	137	(2)	→	547	(8)
328	Restructure Costs	170	190	20	●	403	75
-	RTB Administration	-	-	-		0	-
821	Non-Distributed Deferred Charges	205	205	-	→	821	-
2,008		492	511	19		2,072	64
	Central Services to the Public						
594	Council Tax Collection	149	112	(37)	●	584	(10)
20	NNDR Collection	5	-	(5)	▲	18	(2)
-	Customer Services	-	(24)	(24)	→	(25)	(25)
199	Council Tax Benefits	11	2	(9)	→	178	(21)
60	NNDR Discretionary Relief	60	55	(5)	→	60	-
(64)	NWA Collection Allowance	(64)	(68)	(4)	→	(75)	(11)
112	Grants and Donations	52	56	4	→	112	-
28	Registration of Electors	4	2	(2)	▲	27	(1)
3	Electoral Matters	3	3	-	▲	6	2
-	Unitary Council Elections	-	35	35	→	0	-
(248)	Local Land Charges	(62)	(28)	34	●	(114)	134
704		157	143	(14)		771	67
	Other Operating Income & Expenditure						
(1,358)	Interest & Dividends	(137)	(136)	1	→	(658)	700
-	DSO Profits	-	-	-		-	-
-	Local Authority Business Grant Initiative	-	-	-		-	-
(1,358)		(137)	(136)	1		(658)	700
	Highways, Roads & Transport Services						
(191)	Car Parks	(51)	(23)	28	●	(144)	47
1	Footpath Lighting	-	-	-	▲	1	-
(13)	Garage Sites	(13)	(11)	2	▲	(13)	-
44	Bus Shelters	13	9	(4)	▲	44	-
898	Concessionary Bus Permits	1	-	(1)	▲	899	1
739		(51)	(25)	25		786	48

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GENERAL FUND

BUDGET MONITORING REPORT FOR THE PERIOD 1 APRIL TO 30 JUNE 2008

Base Budget 2008/09 £'000	Service	Profiled Budget Apr-June £'000	Actual Spend Apr-June £'000	Year to Date Over/(Under) Spend £'000	Flag	Probable Outturn 2008/09 £'000	Variance to Base Budget £'000
	Housing General Fund Services						
72	Housing Strategy & Development	18	24	6	▲	94	22
298	Improvement Grants	75	75	-	▶	298	-
10	Home Improvement Agency	-	-	-		10	-
-	HAP	(75)	(92)	(17)	●	-	-
81	Homelessness	-	(6)	(6)	●	81	-
372	City Care	58	54	(4)	▶	390	17
-	Gypsy Site	1	1	-	▲	-	-
237	Welfare Benefits	62	25	(37)	●	114	(123)
1,070		138	80	(58)		987	(84)
	Environmental Services						
116	Sustainable Development	29	24	(5)	▲	118	2
136	Public Conveniences	34	34	-	▶	139	3
1,383	Refuse Collection and Recycling	336	281	(55)	●	1,414	31
140	Door to Door Recycling	70	81	11	●	139	(1)
695	Public Health	150	124	(26)	●	614	(81)
-	Smoking Legislation	-	-	-	▶	-	-
1,042	Street Sweeping and Cleaning	260	267	7	▶	1,041	(1)
(200)	Crematorium Joint Committee	-	-	-	▶	(300)	(100)
43	Licences / Certificates	19	(23)	(42)	●	9	(34)
128	Community Safety	32	28	(4)	▲	133	5
20	Other Environmental Health	5	2	(3)	▲	20	-
71	Neighbourhood Wardens	18	13	(5)	▲	50	(21)
3,574		953	831	(122)		3,378	(196)
	Planning & Development Services						
210	Planning Policy & Regeneration	87	73	(14)	●	224	14
256	Building Control	64	56	(8)	▲	310	54
215	Statutory Planning Control	71	60	(11)	●	271	56
142	Industrial Development	37	15	(22)	●	146	7
(15)	Markets	-	(2)	(2)	▲	(12)	3
825	Community Development	206	168	(38)	●	780	(45)
1,633		465	369	(95)		1,721	89
	Cultural and Related Services						
55	Enlightenment Festival	-	-	-		55	-
408	Conservation	107	107	-	▶	413	5
50	City Centre Visioning	23	85	62	●	50	-
550	Gala Theatre Operating Subsidy	135	140	5	●	550	-
531	Millenium City	-	-	-		531	-
123	Arts, Development and Support	15	28	13	●	124	1
288	Leisure Develop. and Comm. Recreation	69	13	(56)	●	251	(37)
1,543	Indoor Sports & Recreation Facilities	331	353	22	▲	1,584	41
1,505	Parks, Cemeteries and Allotments	452	368	(84)	●	1,505	-
440	Tourism and Conference Promotion	118	126	8	▶	462	22
70	Christmas Lights/Decorations	18	13	(5)	▲	70	-
5,563		1,267	1,232	(35)		5,595 #	32
(1,926)	Capital Financing Charges	(481)	(481)	-		(1,926) #	-
	Contingency						
300	Implementation of Single Status	-	-	-		300	-
232	Contingency - Business Continuity/Service Initiatives Fund - unallocated	-	-	-		-	(232)
532		-	-	-		300	(232)
14,407	Net Expenditure – Before Application of Earmarked Reserves and Balances	3,640	3,287	(354)		14,957	549
	Use of Balances						
(30)	- Corporate & Service Initiatives Fund	-	-	-		(30)	-
(30)		-	-	-		(30)	-
14,377	Total Net Expenditure	3,640 #	3,287 #	(354) #		14,927 #	549

HOUSING REVENUE ACCOUNT**BUDGET MONITORING REPORT FOR THE PERIOD 1 APRIL TO 30 JUNE 2008**

Base Budget 2008/09 £'000		Profiled Budget Apr - Jun £'000	Actual Spend Apr - Jun £'000	Year to Date Over / Under Spend £'000	Flag	Probable Outturn at the Year £'000	Est. Outturn Over/ £'000
3,629	Repairs and Maintenance	858	896	38	▲	3,836	207
5,271	Supervision and Management	1,292	1,269	(23)	▲	5,308	37
30	Council Tax on Void Properties	0	(1)	(1)	→	10	(20)
100	Implementation of Single Status	0	0	0	→	100	0
	Business Continuity/Service Initiatives						
100	Provision	0	0	0		0	(100)
100	Provision for Bad and Doubtful Debts	25	25	0	→	100	0
1,521	Capital Charges – Item 8 Debit	380	380	0	→	1,521	0
3,866	Capital Charges – Depreciation (MRA)	967	967	0	→	3,866	0
	Baliff Charges	0	0	0		0	0
163	Capital Charges – Premia on Redemption	41	41	0	→	163	0
67	Debt Management Expenses	17	17	0	→	67	0
312	Direct Revenue Financing	78	78	0	→	362	50
1,897	Negative Subsidy Payable to ODPM	474	474	0	→	1,897	0
-							
17,056	Total Expenditure	4,132	4,146	14		17,230	174
16,938	Dwelling and Garage Rents (Net of Voids)	4,234	4,286	52	▲	17,086	148
16	Non-Dwelling Rents	4	9	5	▲	24	8
31	Heating Charges	8	7	(1)	→	28	(3)
23	Other Charges for Services	6	12	6	→	13	(10)
48	Item 8 Credit	12	12	0	→	48	0
	Court Costs Recovered	0	5	5		19	19
	Other Income	0	0	0		19	19
17,056	Total Income	4,264	4,331	67		17,237	181
0	Total Net Expenditure / (Income)	(132)	(185)	(53)		(7)	(7)

UPDATED FORECAST - CAPITAL RECEIPTS 2008/09

Forecast / Budgeted Capital Receipts	£000	Notes
Right to Buys (Based on Position re RTB's to date – see note below)	200	1
Sale of Land – New Brancepeth	50	2
Sale of Land – Witton Gilbert	260	3
Sale of Land – Quarrington Hill & Coxhoe	50	4
Other land Sales (Unspecified Areas)	50	5
Usable Capital Receipts Reserve BFWD	1,608	6
Total Available Capital Receipts	2,218	
Total Required re Current Programme	(2,139)	7
Usable Capital Receipts Reserve Carried Forward	79	8

NOTES

- 1) Budget based on RTB sales of 55, at an estimated gross valuation of £50,000. By the end of June it would have been expected that CoD would have sold 14 dwellings under the RTB and that retained usable receipts generated would be £191K (£13,636 per dwelling). Actual sales to 30 June 2008 were only 3, with usable elements amounting to £60K (£20,159 per dwelling). Based on the actual position to date the RTB receipts have been re-forecast on a prudent basis to be £200K this year.
- 2) Relates to land at Waltons Terrace and land at 124/126 Braunespath Estate New Brancepeth. Valuations and marketing underway. Receipts assumed as budgeted at this stage.
- 3) Relates to land at Front Street, Witton Gilbert, land next to Glenville House, land at Rose Lea and land next to The Cottage. Valuations and marketing underway. Receipts assumed as budgeted at this stage.
- 4) Relates to land at 24 Neil Crescent and land 16 David Terrace Quarrington Hill and land at Landsdowne Road, Coxhoe. Valuations and marketing underway. Receipts assumed as budgeted at this stage.
- 5) Receipts assumed as budgeted at this stage.
- 6) Receipts assumed as budgeted at this stage.
- 7) Capital receipts required for capital financing in 2008/09, are as follows: -

	£'000
General Fund Capital Programme	(939)
HRA Housing Business Plan Capital Programme	(296)
Ushaw Moor Community Investment Fund	(282)
Bowburn Community Investment Fund	(603)
Flourishing Communities Fund	(19)
Total Capital Receipts Required – 2008/09	(2,139)

- 8) Based on the above revised position re forecast capital receipts, the Usable Capital Receipts Reserve will have a balance of approximately £79K after financing the 2008/09 Capital Programme commitments.

BUDGETED CAPITAL PROGRAMMES AND FINANCING 2008/09

Budgeted Capital Expenditure (Including Carry Over and Other Adj.s)	£000
General Fund	2,743
Housing Business Plan	4,849
Flourishing Communities Fund	44
Bowburn Community Investment Fund	720
Ushaw Moor Community Investment Fund	320
Total Gross Budgeted Spend	8,676
Capital Financing (Revised Programme)	
	£000
Capital Receipts (See Below)	2,139
Supported Borrowing Approvals	248
Revenue Contributions – General Fund	129
Revenue Contributions – HRA	362
Government Grants (DFG and SHIP 3)	367
Major Repairs Allowance	3,866
Use of Section 106 Agreements / Planning Consents	70
Other Capital Grants and Contributions	1,434
Use of Earmarked Reserves and Balances	61
	8,676

Detail - Forecast / Budgeted Capital Receipts (See Item 3)	£000
Right to Buys (Based on Position re RTB's to date – see note below)	200
Sale of Land – New Brancepeth	50
Sale of Land – Witton Gilbert	260
Sale of Land – Quarrington Hill	50
Other land Sales (Unspecified Areas)	50
Usable Capital Receipts Reserve (Balancing Figure)	1,529
	2,139

CITY OF DURHAM
GENERAL FUND CAPITAL PROGRAMME 2008/09
FINANCIAL REPORT FOR THE PERIOD 1ST APRIL 2008 TO 30TH JUNE 2008

	Funding Ref	Budget Holder	2008/09 Original Estimate £	Slippage B/Fwd 07/08	Other Adjustments £	Slippage to 2009/10	2008/09 Adjusted Estimate £	Income / Expenditure to Date (Gross) £	Balance to Spend £
Flourishing Communities									
Disabled Facilities Grants	1	N. Laws	295,000	32,636	-	-	327,636	29,335	298,301
Home Repair Loans	9	N. Laws	180,000	11,350	-	-	191,350	10,895	180,455
			475,000	43,986	-	-	518,986	40,230	478,756
Quality Public Services									
Other IEG / ICT schemes:									
Flexibility & Security (Time and Attendance)		M Shanks	-	11,822	-	-	11,822	271	11,551
Housing Management System		A Moscardini	-	91,098	-	-	91,098	132	90,966
Additional - IT (PC's)		D. Wallace	-	32,541	-	-	32,541	988	31,553
Waste Recycling Schemes		C. Tomlinson	41,000	-	-	-	41,000	2,575	38,425
Land Drainage		A. Young	-	10,913	-	-	10,913	150	10,763
Office Accommodation Works		S. Hawley	-	45,778	-	-	45,778	7,597	38,181
Gala Blue Room - Seating Refurbishment	14	S. Stallworthy	-	-	29,000	-	29,000	8,956	20,044
City Centre Streetscape									
Riverbank Consolidation		M. Hurlow	-	5,000	-	-	5,000	-	5,000
Canoe Access Agreement Works	12	M. Hurlow	-	18,750	-	-	18,750	-	18,750
Palace Green Toilets	11	M. Hurlow	-	10,000	-	-	10,000	-	10,000
			-	-	-	-	-	-	-
Regeneration of Public Spaces									
Kelbce Recreation Ground Landscaping		C. Tomlinson	-	1,735	-	-	1,735	-	1,735
Holiday Park Landscaping		C. Tomlinson	-	3,727	-	-	3,727	-	3,727
Meadowfield Cemetery Landscaping		C. Tomlinson	-	6,000	-	-	6,000	-	6,000
Churchyard Improvements	4	C. Tomlinson	42,390	4,045	-	-	46,435	-	46,435
Ludworth Fun Zone		S. Hawley	-	4,607	-	-	4,607	-	4,607
Sherburn Hill Env Imp	8	P.Lee / C. Tomlinson	-	10,055	-	-	10,055	-	10,055
Belmont Park - Tennis Court Fencing & Surfacing		P.Lee / C. Tomlinson	-	6,308	-	-	6,308	-	6,308
Playing Pitch Improvements - Drainage		P.Lee / C. Tomlinson	-	9,500	-	-	9,500	-	9,500
Lowes Barn Park - Fencing Repairs		P.Lee / C. Tomlinson	-	3,353	-	-	3,353	-	3,353
Brandon Play Area - Multi Games Unit		P.Lee / C. Tomlinson	37,500	-	-	-	37,500	-	37,500
South Road Cemetery - Additional Car Parking		P.Lee / C. Tomlinson	-	20,000	-	-	20,000	-	20,000
Esh Winning - Multi Games Area		P.Lee / C. Tomlinson	37,500	-	-	-	37,500	17,500	2,500
Works at Belmont Bowling Green	3	P.Lee / C. Tomlinson	-	20,000	-	-	20,000	-	20,000
Multi Games Areas - Gilesgate or Pelaw		C. Tomlinson	38,000	-	-	-	38,000	2,611	35,389
Multi Games Areas - Ludworth		C. Tomlinson	38,000	-	-	-	38,000	-	38,000
Eyesore Site - Witton Gilbert Garage		J. Dodds	25,000	-	-	-	25,000	-	25,000
Fencing Esh Winning/Witton Gilbert/Richmond Road		M.Bates	34,500	-	-	-	34,500	-	34,500
Off Street Parking - Mill Lane Gilesgate		S. Hawley	18,000	-	6,000	-	24,000	-	24,000
Off Street Parking - Kirkham Road Newton Hall		S. Hawley	7,000	-	-	-	7,000	-	7,000
Contribution to Sherburn Conservation works (FC Funded)		C. Tomlinson	-	30,000	-	-	30,000	-	30,000
Freemans Quay									
Freemans Quay Leisure Centre - CoD Dir Pymt to DVRC	9	D. Marrs	690,000	347,273	-	-	1,037,273	220,000	817,273
Freemans Quay Leisure Centre - Art Work	9	D. Marrs	-	75,023	-	-	75,023	13,484	61,539

CITY OF DURHAM
GENERAL FUND CAPITAL PROGRAMME 2008/09
FINANCIAL REPORT FOR THE PERIOD 1ST APRIL 2008 TO 30TH JUNE 2008

	Funding Ref	Budget Holder	2008/09 Original Estimate £	Slippage B/Fwd 07/08	Other Adjustments £	Slippage to 2009/10	2008/09 Adjusted Estimate £	Income / Expenditure to Date (Gross) £	Balance to Spend £
Environmental Improvements - Parks									
		C. Tomlinson	-	9,298	-	-	9,298	-	9,298
			1,008,890	776,826	35,000	-	1,820,716	274,264	1,546,452
A Capital City									
		S. Hawley	-	137,342	(56,000)	-	81,342	139	81,203
	10	M. Bates	140,000	13,000	-	-	153,000	-	153,000
	4	C. Tomlinson/ M. Bates	210	7,420	-	-	7,630	4,392	3,238
	13	M. Bates	54,000	-	14,881	-	68,881	57,543	11,338
		C. Tomlinson	4,000	-	-	-	4,000	2,881	1,119
		C. Tomlinson	2,400	-	-	-	2,400	2,400	-
		D Marrs	25,000	-	-	-	25,000	20,000	5,000
		S. Hawley	11,500	-	-	-	11,500	-	11,500
		M. Hurlow	-	50,000	-	-	50,000	-	50,000
			237,110	207,762	(41,119)	-	403,753	87,355	316,398
			1,721,000	1,028,574	(6,119)	-	2,743,455	401,850	2,341,605
								Applied	Due
CAPITAL FINANCING									
			424,000	565,014	(50,000)	-	939,014	7,872	931,142
	14		100,000	-	29,000	-	129,000	33,956	95,044
	1		177,000	-	-	-	177,000	17,601	159,399
	2		50,000	-	-	-	50,000	-	50,000
	3		-	20,000	-	-	20,000	17,500	2,500
Earmarked Reserves and Balances									
	4		-	4,045	-	-	4,045	-	4,045
	5		-	57,420	-	-	57,420	57,420	-
Other Grants and Contributions									
	6		440,000	285,024	-	-	725,024	220,000	505,024
	6		250,000	-	-	-	250,000	-	250,000
	7		-	30,000	-	-	30,000	-	30,000
	8		-	10,321	-	-	10,321	-	10,321
	8		-	15,000	-	-	15,000	-	15,000
	9		80,000	-	-	-	80,000	20,000	60,000
	1		110,000	-	-	-	110,000	27,500	82,500
	10		90,000	13,000	-	-	103,000	-	103,000
	11		-	10,000	-	-	10,000	-	10,000
	12		-	18,750	-	-	18,750	-	18,750
	13		-	-	14,881	-	14,881	-	14,881
			1,721,000	1,028,574	(6,119)	-	2,743,455	401,850	2,341,605

CITY OF DURHAM
HOUSING BUSINESS PLAN 2008/09
FINANCIAL REPORT FOR THE PERIOD 1ST APRIL 2008 TO 30TH JUNE 2008

	Budget Holder	2008/09 Original Estimate £	Slippage B/Fwd 2007/08 £	Other Adjustments £	Slippage (to) / from 2009/10 £	Revised Estimate £	Expenditure Total £	Balance To Spend £
Professional Admin. Fees	A. Moscardini	479,719	-	-	-	479,719	119,931	359,788
DSHI Programme 2007/08								
Framwellgate Moor	A. Moscardini			3,864.00		3,864	3,864	-
Gilesgate	A. Moscardini			45.00		45	45	-
Ushaw Moor	A. Moscardini			1,469		1,469	1,469	-
Sherburn Village	A. Moscardini			20,050		20,050	20,050	-
Total				25,428		25,428	25,428	
DSHI Programme 2008/09								
Bearpark	A. Moscardini	420,000	(227)	-	-	419,773	219,427	200,346
Brasside	A. Moscardini	59,000	-	-	-	59,000	7,313	51,687
Claypath	A. Moscardini	53,000	-	-	-	53,000	671	52,329
Coxhoe	A. Moscardini	62,000	-	-	-	62,000	618	61,382
Croxdale	A. Moscardini	139,000	(8,114)	-	-	130,886	113,702	17,184
Elvet	A. Moscardini	223,000	-	(8,043)	-	214,957	10,597	204,360
Esh Winning	A. Moscardini	200,000	(366)	-	-	199,634	40,868	158,766
Framwellgate Moor	A. Moscardini	867,000	(14,058)	(17,385)	-	835,557	206,462	629,095
Gilesgate	A. Moscardini	103,000	(1,205)	-	-	101,795	1,501	100,294
Kelloe	A. Moscardini	340,000	-	-	-	340,000	16,069	323,931
Meadowfield	A. Moscardini	160,000	-	-	-	160,000	386	159,614
Shadforth	A. Moscardini	102,000	-	-	-	102,000	232	101,768
Sherburn Road	A. Moscardini	223,000	-	-	-	223,000	8,278	214,722
Heating Replacements	A. Moscardini	702,000	64,790	-	-	766,790	381,482	385,308
Adhocs	A. Moscardini	113,012	-	-	-	113,012	26,023	86,989
Total		3,766,012	40,820	(25,428)		3,781,404	1,033,629	2,747,775
Planned Repairs: Capital								
Gas Renewals	A. Moscardini	100,000	-	-	-	100,000	14,138	85,862
Energy Budget	A. Moscardini/H.	20,000	-	-	-	20,000	1,688	18,312
Total		120,000				120,000	15,826	104,174
Miscellaneous: Capital								
District Discretionary Fund	A. Moscardini	-	12,000	-	-	12,000	-	12,000
Medical Adaptations (Gross)	N. Mohammad	288,000	6,834	-	-	294,834	75,020	219,814
DDA Works	A. Moscardini	-	58,105	-	-	58,105	26,963	31,142
Off Street Parking Initiatives	A. Moscardini	50,000	2,454	-	-	52,454	13	52,441
Parking Initiative - Henry Avenue Bowburn	M. Lee	-	21,650	-	-	21,650	-	21,650
Parking Initiative - Parkhill Estate Coxhoe	M. Lee	-	2,656	-	-	2,656	-	2,656
Parking Initiative - Frank Street Gilesgate	M. Lee	-	1,050	-	-	1,050	-	1,050
Total		338,000	104,749		0	442,749	101,996	340,753
TOTAL CAPITAL EXPENDITURE		4,703,731	145,569		0	4,849,300	1,296,810	3,552,490
FINANCING - CAPITAL							Applied	Due
Capital Receipts		277,460	68,779	(50,000)	-	296,239	112,953	183,286
MRA		3,866,012	-	-	-	3,866,012	966,503	2,899,509
Direct Revenue Financing		312,259	-	50,000	-	362,259	90,565	271,694
Supported Borrowing (Inc SHIP)		248,000	-	-	-	248,000	62,000	186,000
DRF - Member Discretionary Scheme		-	12,000	-	-	12,000	-	12,000
Energy Efficiency Grant		-	64,790	-	-	64,790	64,790	-
TOTAL FINANCING - CAPITAL		4,703,731	145,569			4,849,300	1,296,810	3,552,490

CITY OF DURHAM
USHAW MOOR COMMUNITY INVESTMENT FUND 2008/09
FINANCIAL REPORT FOR THE PERIOD 1ST APRIL 2008 TO 30TH JUNE 2008

Budget Holder	Original Approval £	Spend in previous Years (i.e to 31/03/08) £	Slippage B/Fwd From 2007/08	2008/09 Approved Grants £	Other Adjustments £	Slippage CFWD to 2009/10	Adjusted Estimate £	Income / Expenditure to Date (Gross) £	Balance to Spend £
Deerness Valley School - Fit for Employment	25,000	25,000	-	-	-	-	-	-	-
New Brancepeth Homezone	85,000	85,000	-	-	-	-	-	-	-
DAMLA - Bungalows at Hunters Gate (DVRC Direct)	40,000	40,000	-	-	-	-	-	-	-
DCC - Broom Lane	80,000	80,000	-	-	-	-	-	-	-
Deerness Valley School - Football Facility	75,000	75,000	-	-	-	-	-	-	-
DCC - Auton Suite	108,000	108,000	-	-	-	-	-	-	-
Frontage 2 Station Road	31,500	31,500	-	-	-	-	-	-	-
Env Works at Flass Tce, Highfield Tce & Whitehouse	90,000	-	90,000	-	-	-	90,000	-	90,000
Play Area at New Brancepeth	102,560	-	102,560	-	-	-	102,560	-	102,560
Broom Rd & Station Rd crossroad enhancement	72,000	-	72,000	-	-	-	72,000	-	72,000
Deerness Sports Centre Parking	55,000	-	55,000	-	-	-	55,000	-	55,000
	764,060	444,500	319,560	-	-	-	319,560	-	319,560
TOTAL GROSS EXPENDITURE	764,060	444,500	319,560	-	-	-	319,560	-	319,560
GRANTS AND FUNDING								Applied	Due
Members Discretionary Fund (Flass/Highfield/Whitehouse)	12,000	-	12,000	-	-	-	12,000	-	12,000
Cont. from Brandon & Byshtottes PC (Flass/Highfield/Whitehouse)	3,000	-	3,000	-	-	-	3,000	-	3,000
Cont. from Community Development (Flass/Highfield/Whitehouse)	1,500	-	1,500	-	-	-	1,500	-	1,500
SRB6 Grant Allocation (Flass/Highfield/Whitehouse)	1,500	-	1,500	-	-	-	1,500	-	1,500
Durham County Council - URR1	20,000	-	20,000	-	-	-	20,000	-	20,000
DVRC Capital Receipt	726,060	444,500	281,560	-	-	-	281,560	-	281,560
TOTAL FUNDING	764,060	444,500	319,560	-	-	-	319,560	-	319,560

CITY OF DURHAM
BOWBURN COMMUNITY INVESTMENT FUND 2008/09
FINANCIAL REPORT FOR THE PERIOD 1ST APRIL 2008 TO 30TH JUNE 2008

Budget Holder	Original Approval £	Spend in previous Years (i.e to 31/03/08) £	Slippage B/Fwd From 2007/08 £	2008/09 Approved Grants £	Other Adjustments £	Slippage CFWD to 2009/10	Adjusted Estimate £	Income / Expenditure to Date (Gross) £	Balance to Spend £
Bowburn Community Chest	100,000	78,146	21,854	-	-	-	21,854	10,408	11,447
Bowburn Park Refurbishment	720,000	5,117	714,883	-	-	(96,000)	618,883	11,928	606,955
Other Unallocated Schemes	78,668	78,668	78,668	-	-	-	78,668	-	78,668
Administration Costs	1,332	1,332	-	-	-	-	-	-	-
	900,000	84,594	815,405	-	-	(96,000)	719,405	22,336	697,070
TOTAL GROSS EXPENDITURE	900,000	84,594	815,405	-	-	(96,000)	719,405	22,336	697,070
GRANTS AND FUNDING									
DVRC Capital Receipt	900,000	84,594	815,405	-	(116,000)	(96,000)	603,405	22,336	581,070
Capital Grant - Bowburn Partnership Ctee	-	-	-	-	116,000	-	116,000	-	116,000
TOTAL FUNDING	900,000	84,594	815,405	-	-	(96,000)	719,405	22,336	697,070
							Applied	Due	

**CITY OF DURHAM
FLOURISHING COMMUNITIES FUND 2008/09
FINANCIAL REPORT FOR THE PERIOD 1ST APRIL 2008 TO 30TH JUNE 2008**

Budget Holder	Original Approval £	Spend in previous Years (i.e to 31/03/08) £	Slippage B/Fwd From 2007/08	2008/09 Approved Grants £	Other Adjustments £	Slippage CFWD to 2009/10	Adjusted Estimate £	Income / Expenditure to Date (Gross) £	Balance to Spend £
Schemes Approved by Flourishing Communities Exec Board									
Belmont Parish Hall Association - Parish Hall Project	63,000	63,000	-	-	-	-	-	-	-
Sherburn OAK - Play Equipment	20,000	20,000	-	-	-	-	-	-	-
Witton Gilbert - Roof & Security	98,921	98,921	-	-	-	-	-	-	-
Brandon Community Club - Security Fencing	30,889	30,889	-	-	-	-	-	-	-
Coxhoe Community Partnership - Sensory Gardens	25,000	25,000	-	-	-	-	-	-	-
Belmont Skate Park *	32,000	32,000	-	-	-	-	-	-	-
Witton Gilbert Environmental Improvements	50,250	50,250	-	-	-	-	-	-	-
Sherburn Village Environmental Improvements*	50,914	50,914	-	-	-	-	-	-	-
Esh Winning Environmental Improvements	80,000	80,000	-	-	-	-	-	-	-
Ludworth Green Space Project*	20,755	20,755	-	-	-	-	-	-	-
Abbey Skate Park	8,970	8,970	-	-	-	-	-	-	-
Meadowfield Skate Park*	43,030	43,030	-	-	-	-	-	-	-
Durham Amateur Rowing Club (CGF)	50,000	50,000	-	-	-	-	-	-	-
All Saints Methodist Church	10,000	10,000	-	-	-	-	-	-	-
Kelloe Village Community Partnership	25,000	5,102	19,898	-	-	-	19,898	-	19,898
Esh Winning Cricket Club	10,000	10,000	-	-	-	-	-	-	-
Finchale Training College - Memorial Garden	9,000	9,000	9,000	-	-	-	9,000	9,000	-
Moorfield & Cheveley Park Play Area	50,000	35,004	14,996	-	-	-	14,996	-	14,996
Unspecified / Unallocated	29,912	-	29,912	100,000	(129,912)	-	-	-	-
Site Investigation and Disposal Costs									
Administration	106,072	106,072	-	-	-	-	-	-	-
Site Investigation and Disposal Costs	85,600	85,600	-	-	-	-	-	-	-
	899,313	825,507	73,806	100,000	(129,912)	-	43,894	9,000	34,894
TOTAL GROSS EXPENDITURE	899,313	825,507	73,806	100,000	(129,912)	-	43,894	9,000	34,894
GRANTS AND FUNDING									
DVRC Capital Receipt	670,098	659,003	11,095	100,000	(92,201)	-	18,894	9,000	9,894
s106 Agreements Applied - Moorfield & Cheverley	10,000	-	10,000	-	-	-	10,000	-	10,000
Other Capital Grants - Belmont PC	15,000	-	15,000	-	-	-	15,000	-	15,000
Flourishing Communities Fund - Capital Grants Fund	204,215	166,504	37,711	-	(37,711)	-	-	-	-
TOTAL FUNDING	899,313	825,507	73,806	100,000	(129,912)	-	43,894	9,000	34,894

FINANCIAL REPORT FOR THE PERIOD 1 APRIL TO 30 JUNE 2008**FORECAST SUMMARY OF MOVEMENT IN RESERVES AND BALANCES 2008/09**

	Actual Balance at 1 April 2008	Transfers / Contributions to the Fund 2008/09	Transfers from and Commitments Against the Fund 2008/09	Forecast Balance at Year End - 30 June 2008	Notes
	£000	£000	£000	£000	
Earmarked Funds and Balances :					
Insurance and Risk Management Fund	500	93	(143)	450	1
Redundancy Strain	464	460	(464)	460	2
Job Evaluation – Contingency Provision	300	-	(300)	-	3
FCF (LABGIS – Small Grants)	40	-	(40)	-	4
Flourishing Communities Fund (General)	38	-	(38)	-	5
Section 106 Agreements	206	-	(70)	136	6
Pride In Durham	57	-	(57)	-	7
Corporate & Service Initiatives	34	-	(34)	-	8
HMO Licensing Reserve	150	-	(50)	100	9
City Centre Visioning	100	-	-	100	10
Total Earmarked Reserves & Balances	1,889	553	(1,196)	1,246	
Strategic Emergency Reserve	700	-	(347)	353	11
General Reserve	667	385	(1,052)	-	11
Total General Fund Reserves & Balances	3,256	938	(2,595)	1,599	
Housing Revenue Account	851	7	-	858	12
Usable Capital Receipts Reserve	1,608	610	(2,139)	79	13
Total Reserves and Balances	5,715	1,555	(4,734)	2,536	

NOTES**1) Insurance and Risk Management Fund**

The fund is increased / decreased every year to reflect any net under and overspends on the insurance claims provision and premiums budgeted for within the revenue accounts. The estimated balance at 31 March 2009 is within the approved strategy approved by Council on 27 September 2007 of maintaining a minimum balance of £400,000 on this Fund.

2) Redundancy Strain

This fund relates to the costs associated with the strain on the pension fund as a result of early retirements in previous years and reflects the major restructuring of the Council in 2004/05 primarily and subsequent mini-restructuring following consideration of requests for early retirement on the grounds of efficiency. The contributions to this fund relate to the costs of early retirement pension fund strain which is charged to the revenue accounts over a five year period. Allocations from this fund relate to cash payments made into the Durham County Pension Fund on an annual basis.

3) Job Evaluation – Contingency Provision

This Fund was created at 31/03/08. It reflects the savings achieved in 2007/08 against the budget for the potential General Fund costs of implementing a single status / job evaluation agreement in 2007/08, which was to be financed from anticipated Local Authority Business Growth Incentive Scheme (LABGIS) last year. Whilst the LABGIS grant was received in 2007/08 an agreement was not entered into in terms of single status / job evaluation and therefore an earmarked fund was created at the year end to passport the original identified resources into 2008/09. A contingency expenditure sum of £300,000 is included within the 2008/09 budget framework to cover the estimated General Fund additional costs of implementing an agreement in 2008/09, offset by the application of the earmarked reserve to finance this. It is anticipated at this stage that this Fund will be applied to finance its original purpose.

4) Flourishing Communities Fund (Small Grants)

This Fund was created at 31 March 2006 and is earmarked for Small Grant awards under the City Council's Flourishing Communities Initiative. The fund was created by setting aside an element of the Local Authority Business Growth Incentive Scheme Grant received in 2005/06. All available resources have now been committed and no new applications are now being considered. It is anticipated that the fund will be fully expended by the year end.

5) Flourishing Communities Fund (General Grants)

This Fund was also created at 31 March 2006 and was earmarked for Grant awards under the City Council's Flourishing Communities Initiative. The fund complimented the application of capital receipts earmarked and allocated to the Flourishing Communities initiative and for Community Investments as part of the "Achieving the Vision" report and subsequent Village Appraisals. All residual commitments in 2008/09 will be financed by earmarked capital receipts and no new applications are now being considered. The unallocated balance has been transferred to the General Reserve.

6) Section 106 Agreements

These relate to cash received from developers as part of planning conditions. They are held for application against the provision of community recreation and other facilities and the amounts held relate to: -

	Actual Brought Forward 01/04/08	Received in Year	Applied / Allocated in Year	To Be Carried Forward 31/03/09
	£	£	£	£
S106 Rock Terrace, New Brancepeth	3,645	-	-	3,645
S106 Lowland House	14,985	-	(13,520)	1,465
S106 Keipier Woods	6,480	-	(6,480)	-
S106 Chesterton Homes, Court Lane, Durham	6,075	-	-	6,075
S106 Browns Bus Development, New Brancepeth	8,100	-	-	8,100
S106 Cheserton Homes	6,885	-	-	6,885
S106 Dryburn Hospital	37,405	-	-	37,405
S106 Brancepeth Castle Development	4,455	-	-	4,455
S106 Shepard Homes, Rainton Lodge	(4,860)	-	-	(4,860)
S106 Shepard Homes, Cock of the North	17,010	-	-	17,010
S106 AMEC Millennium Place	50,000	-	(50,000)	-
S106 New Durham Courtyard	7,290	-	-	7,290
S106 Rear of Marshall Terrace	12,960	-	-	12,960
S106 Angerstein Court	4,455	-	-	(4,455)
S106 Gentoo Ventures Ltd.	10,935	-	-	10,935
S106 Persimmon Plc	20,000	-	-	20,000
Totals	205,820	-	(70,000)	135,820

7) Pride in Durham

This Fund was created at 31 March 2006 to supplement investments factored into the General Fund Capital Programme. The full £57,420 brought forward on 1 April 2008 is held against brought forward spending commitments in the 2008/09 General Fund Capital Programme and therefore it is anticipated that the fund will be fully expended by the year end..

8) Corporate and Services Initiatives Fund

This Fund (previously called the Budget Support Fund) was set aside to finance initiatives (both revenue and capital) not included within the base budget. It was a contingency fund that could be accessed to relieve short term and unexpected pressures and was used to finance one off non-recurring items. The balance brought forward at 1 April reflected unspent commitments brought forward from 2007/08. The commitments against the Fund (which have been built into the financial figures included in the Annexes to Appendix A - Items 1 to 5), together with an indication of the uncommitted sums at 30 June 2008, are as follows: -

	Revenue / Capital	Amounts Available / Allocated in Year £
Balance Brought Forward 1 April 2008		34,065
Commitments – Approved Carry Over		
Marketing Costs – Freemans Quay LC	Revenue	(11,073)
Churchyard / Headstone Improvements	Capital	(4,045)
Service Improvement and Awards	Revenue	(6,794)
City Care Equipment Upgrades	Revenue	(12,153)
Uncommitted Sums at 30 June 2008		-

9) HMO Licensing Reserve

Houses in Multiple Occupation required licensing / inspecting from 1 April 2006. The licence is issued for a period of 5 years, therefore this reserve is to off set 4 years of expenditure before the license is re-issued. The reserve was established at 31 March 2007 and represents the unspent HMO Licensing income in 2006/07. Allocations of £50,000 per annum are made from this fund into the Public Health Revenue account to cover the re-issue and inspection costs associated with the HMO Licensing administration.

10) City Centre Visioning Fund

The reserve was established at 31 March 2007 from an underspend on the 2006/07 Durham City Visioning Budget. A further contribution of £50,000, representing the underspend in 2007/08 was made into the fund at 31 March 2008. This fund is available to match fund projects within the visioning in 2008/09 and beyond, the timing of which is uncertain and dependent on partner contributions.

11) Strategic Emergency Reserve and General Reserve

In terms of the General Fund Non-Earmarked Reserve, the Local Government Act 2003 requires all Local Authorities to reach and maintain a minimum level of resources. The Comprehensive Performance Assessment Framework gives an indication of the likely minimum requirement. The level of General Fund Reserves is set at 5% of Net Operating Expenditure, plus the Bellwin Scheme. For the City Council, this would lead to a minimum reserve requirement of approximately £700,000 at 31 March 2009. The Council, at its meeting of 27 September 2007, resolved to maintain a minimum Strategic Emergency Reserve of £700,000.

In setting the minimum level of reserves, each Council must take into account the risks they actually face. Council, at its Meeting of 27 September 2007 also approved that a General Reserve (for budget support purposes) be set aside. In setting the 2008/09 budgets this reserve was forecast to have a balance of £559,693 at 31 March 2008 and £502,637 was allocated towards support to the budget framework. £198,000 was allocated to finance specific on-off issues such as the implementation costs associated with the new kerbside recycling scheme and the year one costs associated with business build for the new Freemans Quay LC. £304,637 was allocated to offset a contingency budget of £460,000 for transition costs and unforeseen events in 2008/09. To date, £227,606 has been allocated from this contingency towards transition related issues. Leaving an unallocated sum of £232,394 at 30 June 2008, which is forecast to remain unallocated at the year end.

As noted above, the unallocated balance on the Flourishing Communities earmarked reserve (totalling £37,711) has been transferred into the General Reserve, taking the combined position, prior to consideration of the outturn, to £1,404,471.

The projected outturn position shows an estimated overspend of £549,178 on the General Fund Revenue account in 2008/09. Adding the £502,637 planned use of balances factored into the 2008/09 budget framework results in a total required use of General Fund balances of £1,051,815. The projected outturn position means that no further sums can be allocated from the contingency provision, indeed a £347,344 transfer from the Strategic Emergency Reserve will be necessary, taking the estimated position at 31 March 2008 down to £352,656 - below the minimum threshold approved by Council in September 2007. As noted in the detailed report, officers will work to bring the position in below the level anticipated in the report, with further projections being made as the year progresses.

12) Housing Revenue Account Balance

This reserve is earmarked for HRA purposes. The transfer into the fund in 2008/09 reflects the forecast underspend on the Housing Revenue Account in 2008/09.

13) Usable Capital Receipts Reserve

Please see Annex – Item 3 for detailed breakdown and explanation of movements on this Fund in 2008/09

Agenda Item 5(c)

STATUS PUBLIC

Portfolio Member/Director/Head of Service Leader / Director of Strategic Services – Head of Legal & Strategic Services	Portfolio - Leader
Subject Civic arrangements for the City of Durham Area	Date 3 rd September 2008
	Forward Plan No
Contact Officer Clare Greenlay – 0191 3018878	Previous Minutes n/a
Purpose of Report To seek from Members confirmation of their intentions in respect of the civic arrangements to be made for the City of Durham Area as a consequence of Local Government Review (LGR)	
Executive Summary	
<p>As a consequence of the LGR process, the Department for Communities and Local Government (DCLG) has recognised that the historic traditions, status and ceremonial privileges enjoyed by district councils to be subsumed into a larger single tier authority need to be protected.</p> <p>The rights and privileges of the City of Durham area can be summarised as follows:-</p> <ul style="list-style-type: none"> • City Status • Markets Charter • Mayor and Bodyguard • Insignia (mace, badges, robes, chains of office, throne, city seal, sword, city measures etc) • Armorial bearings – Coat of arms with crest and supporters • Local officers of dignity – billet master, pant master, sword bearer, mace bearer, recorder, honorary judicial recorder, chaplain • Guilds of freemen – there are currently 8 guilds – barbers company, butchers company, cordwainers company, curriers company, drapers company, joiners company, masons company and plumbers company, plus a number of gentlemen freemen (honorary freemen) • Honorary Aldermen <p>These rights and privileges have existed in the City of Durham area in some instances for centuries, and they need to be actively protected throughout the LGR process as they will disappear without specific provision being made to retain them. DCLG has confirmed that the responsibility for ensuring their retention lies, in most instances, with both the government and the shadow local authority (Durham County Council). The exception to this is in respect of City Status, which is the subject of a separate report to Cabinet. Different approaches may be required for different rights and privileges.</p> <p>DCLG has requested from the shadow authority their formal proposals for ceremonial issues, and suggested that it would be helpful if they were also to receive a statement of the wishes of the outgoing local authorities, especially where they differ from that of the new council. It is therefore appropriate for Cabinet to consider the matters contained within this</p>	

report with a view to responding to DCLG.

In previous LGR's for areas with similar civic rights and privileges (e.g. Salisbury and Leamington Spa in 1974 and Bath in 1990's), civic traditions, rights and privileges have been protected through the creation of Charter Trustees.

A Charter Trust is a representative body capable of exercising ceremonial rights or preserving ceremonial status. It can be created by orders or regulations under the Local Government and Public Involvement in Health Act 2007 as a consequence of the LGR process and would represent the district area (or part of it) which is to be wound up. DCLG have suggested that Charter Trustees be established for the traditions, rights and privileges currently exercised by the City of Durham Council. They have proposed that the Charter Trustees be the councillors for the Durham County Council divisions in the City of Durham area – 22 councillors, recognising that the purpose of the Charter Trustees is to represent the ceremonial traditions of that area in particular on behalf of the electors they represent. The Charter Trustees would be able to elect a Mayor for the City of Durham area from their number.

Durham County Council have however proposed to DCLG that representatives from other parts of County Durham be Charter Trustees for Durham City, given its importance to the area as a whole from a number of perspectives – heritage, history and traditions as well as being the centre of the County area in terms of culture, tourism, leisure, as well as its commercial centre. Although DCLG have indicated that they do not believe that they should depart from past precedent by appointing councillors to represent the ceremonial traditions from outside the relevant area, they have invited views on this matter by the end of the month. Accordingly, it is recommended that Cabinet provide confirmation of its views to DCLG without delay.

If established, the Councils civic property (mace, badges, robes, chains of office, throne, city seal, sword, city measures etc) would be transferred to the Charter Trustees. The Charter Trustees can not however hold land, and new authority would be expected to provide accommodation for the Charter Trustees. The Charter Trustees would be funded via a precept which would be determined for the first year by the shadow authority and thereafter by the Charter Trustees.

Once created, the Charter Trustees would be wound up when the city or town becomes wholly comprised in a parish or in two or more parishes. Durham County Council confirmed in their LGR bid proposal to DCLG that they were committed to parishing all unparished areas. The parishing of the unparished area in the City of Durham is the subject of a separate report to Cabinet. The issue of the creation of a parish or town council is not therefore addressed within this report, save to say that if a parish or town council were to be created for the unparished area to commence on 1st April 2009, the Charter Trustees would not be necessary.

Most of the rights and privileges outlined above would become the responsibility of the Charter Trustees, subject to agreement with the shadow authority, with the exception of the armorial bearings. Armorial bearings can not be held by Charter Trustees as they are not an authority unless the transfer is effected by royal licence – this is extremely rare as it has not in practice been considered appropriate for Charter Trustees to bear arms as they have few opportunities to display coats of arms in accordance with the Laws of Arms. Durham County Council already has its own armorial bearings, and is unlikely to request a transfer of City of Durham Councils armorial bearings from the Secretary of State and the College of Arms – if they did so they should also apply to transfer the armorial bearings of all of the demising district Councils. The armorial bearings will not however be lost if provision is not made for their protection, but rather will lie dormant. In the event that a suitable authority is created in future (e.g. a parish or town council), that authority could apply for the arms to be transferred to it. It is therefore not recommended that Cabinet make any representations in respect of the armorial bearings.

DCLG has also confirmed that, in previous reorganisations, Councils which were to be abolished were permitted to appoint honorary aldermen from amongst their existing members. Historically, the Council has conferred the title of Honorary Alderman on persons who have, in the opinion of the council, rendered eminent service to the council as past Members. It has been customary for the conferment of such an honour only to be given to those past Members who had served on the council for a period of 15 years or more.

Whilst Honorary Aldermen have no legal, social or royal precedents, they may be used to support the office of the Mayor and the work of the Mayor's charity and may attend and take part in such civic ceremonies as the council may from time to time decide. Honorary Aldermen have no right to attend meetings of the Council or any committees or to receive any allowance payable to Members of the council under the Local Authorities (Members Allowances)(England) Regulations 2003, but by custom they are generally invited to attend on civic occasions. They would still therefore have a role to play if the Charter Trustees elect a Mayor from within their number. Members are therefore requested to consider whether they would wish to review the basis upon which the Council confers the title of Honorary Alderman.

Portfolio Member Recommendations or Items Requiring a Cabinet Decision

1. That Cabinet confirm to DCLG its views on the provisions to be made to protect the civic arrangements for the City of Durham area to the Secretary of State for Communities and Local Government and Durham County Council without delay as follows:-
 - o That Charter Trustees be appointed to preserve the historic traditions, status and ceremonial privileges currently enjoyed by the City of Durham District Council area
 - o That the Charter Trustees be the members of the Durham County Council divisions in the City of Durham District Council area.
2. That Cabinet not make any representations in respect of the transfer of the Councils armorial bearings
3. That Cabinet notes the request from officers to consider whether the historic provisions for the conferment of the title of Honorary Alderman should be reviewed, which will be the subject of a separate report to Council.

Reasons for Recommendations

DCLG have kept the Council advised of the options which it is considering, with a view to allowing the Council to at least comment upon the arrangements that will be put in place following its demise. It is appropriate therefore that the views of the Council are communicated to DCLG and the Shadow Authority to explain, as far as possible, the history of the civic traditions, rights and privileges, and why and how they should be protected. The Council is uniquely positioned to advise on these matters.

Alternative Options To Be Considered

The Council could consider not responding to the DCLG consultation, given that it is demising. This could however result in ancient traditions being lost as a consequence of not being properly protected and could be seen as irresponsible given the importance of their continuation to the City of Durham area as a whole.

Consultation

No consultation has been undertaken, given the short timescale that has been imposed by the DCLG. The Council has however taken note of members comments, together with

articles and comments recorded in the written press in this matter, most of which appear to suggest that the public do wish to see the civic rights, privileges and traditions of the City of Durham area preserved.

LGR Implications

This report does not consider any matters which have a budgetary implication, and therefore there is no limitation upon Cabinets decision making powers.

Financial, Legal and Risk Implications

There are neither financial nor legal implications as a consequence of this report.

There is however a reputational risk if the Council decides not to respond to DCLG's request to make its views know. Failing to respond to this request could lead to the rights, responsibilities and privileges which currently attach to the City of Durham area being inadequately protected and lost as a consequence.

Resource Implications

The recommendations within this report can be fulfilled from within existing officer resources. There are no requirements for financial resources.

Timescale for Action

DCLG requested a response if possible by the end of August and failing that, as soon as possible. It is therefore recommended that the response is sent to DCLG and the Shadow Authority without delay.

If Charter Trustees are to be created, DCLG have confirmed that they would seek to make the general regulations between October and November of this year. The making of the main order, which is subject to affirmative resolution (i.e. debated and approved through both Houses of Parliament) may be made later than this, depending on how quickly responses are received by DCLG from the affected areas. It is preferable however to have this matter resolved as quickly as possible.

Associated Policies and Plans

Not applicable

Supporting Documents

None

Background Papers

DCLG Briefing notes on LGR Ceremonial Issues – 19th March 2008, 11th July 2008 and August 2008

Agenda Item 6(a)

POLICY SCRUTINY PANEL

REPORT

TELEPHONE COMMUNICATIONS SYSTEM UPDATE APRIL 2008

BACKGROUND

1. The Policy Scrutiny Panel has carried out regular reviews of the Council's Telephone Communications System following initial concerns raised by Members. The Panel submitted a Report to Cabinet in 2007 and the aim of this Review was to consider progress against the implementation of the Recommendations contained in the Report and agreed by Cabinet.

ACTIONS

2. The Director of Corporate Services attended the Policy Scrutiny Panel Meeting on the 1st April, 2008, to brief Members on progress.

OUTCOMES

3. Implementation of Previous Recommendations

3.1 Members noted that the modifications to the current system needed to facilitate the short term improvement measures previously requested by the Panel had been activated within the current system capabilities.

3.2 A review of staffing resources also requested by the Policy Scrutiny Panel had taken place and some minor changes have been made involving staff relocation.

3.1 Members were advised that the Revenues and Benefits Section had installed an automated response line which has taken much of the call burden from front line staff.

3.2 Members reconsidered the Panel's previous request to Cabinet to prioritise the review and replacement of the current Telephone Communications software and identify associated future staffing requirements. It was considered that due to LGR, this would no longer be appropriate.

3.3 It was noted that the Panel's previous request to OMT to instruct Heads of Service to require all staff to respond to Voicemail messages within 24 hours and to keep up to date Voicemail greetings had been carried out. All staff have been issued with the instruction.

It was noted by Members however that there were still repeated instances of their Voicemail messages not being responded to and individual Voicemail greetings not being kept up to date.

3.4 It was also noted that the proposed new Telephone Communications Project Plan would be now unlikely to be progressed due to LGR. The Panel were informed that an LGR Workstream is currently looking at the general subject of communications.

3.5 It is acknowledged that the system still has limitations, mainly in relation to Cityinfo call traffic and "Hot Spots" of particularly heavy call traffic relating to specific issues. The Panel was informed that the present system had been the most cost effective available at the time of purchase however since that time the demands on the software has increased considerably due to the expansion of the Council's Cityinfo facilities. Clearly, replacing the existing system would require a major new financial commitment and any proposals to do so would have to be submitted to the new Unitary Authority.

Recommendations

- 1) That in view of LGR no further action be taken to replace the current Telephone Communications System.
- 2) That Members continue to note when their repeated telephone calls to a range of extensions in a particular service area are not answered by Staff with further individual problems to be reported to the appropriate Director/Head of Service.
- 3) That Members continue to note lack of responses by Staff to their Voicemail messages with further individual problems to be reported to the appropriate Director/Head of Service.
- 4) That Directors/Heads of Service again instruct all Staff to respond to Voicemail messages within 24 hours and to keep their Voicemail greetings up to date.

Agenda Item 6(b)

POLICY SCRUTINY PANEL

REPORT

REVIEW OF SICKNESS ABSENCE 2008

BACKGROUND

1. The Policy Scrutiny Panel has reviewed the Council's Sickness Absence levels on an ongoing basis. The Panel submitted a Report to Cabinet in 2007 and the aim of this Review was to consider progress against the implementation of the Recommendations contained in the Report and agreed by Cabinet.

ACTIONS

2. The Director of Corporate Services attended the Policy Scrutiny Panel Meeting on the 1st April, 2008, to brief Members on progress.

OUTCOMES

3. General Progress

3.1 Current figures for Sickness Absence levels were encouraging and showed that the general trend was down. The Council was now on track to achieve its target figure for the year of 10 Working Days per employee. This contrasted with a figure three years ago of 13.98 days and showed a decrease from last year of 2.3 days.

3.2 Whilst acknowledging that the general trend was down it was also noted that the national average was 8.2 days per employee.

3.3 The introduction of the services of Diagnostic Health Solutions and the consistent application across the Authority of the corporate Sickness Absence Procedures had assisted in the reduction of the Sickness Absence level. The regular examination of Sickness Absence figures, the raising of the profile of Sickness Absence and the further training of Managers had also contributed to the reduction.

3.4 The Panel noted that a reduction in Sickness Absence levels had been seen across all Council Services.

3.5 It was acknowledged that the LGR transitional process may also affect levels of Sickness Absence in the forthcoming year with issues such as lowered morale, possible loss of staff and the impact on those left behind all being possibly significant.

4. Implementation of previous Recommendations

4.1 The Employee Viewpoint Panel has been formed and has met. Further meetings have been scheduled to discuss specific issues such as LGR.

4.2 The Staff Attitude Survey questionnaire has been reviewed by the Viewpoint Panel and further input from the facilitators, Northumbria University, was still awaited. In view of LGR Members must consider the value of conducting a Staff Attitude Survey for 2008.

Recommendations

- 1) That the efforts of all Staff and Managers in reducing the rates of Sickness Absence be acknowledged.
- 2) That in view of LGR, the proposed Staff Attitude Survey for 2008 be not undertaken.
- 3) That the Policy Scrutiny Panel review the Council's Sickness Absence levels at its meeting in September, 2008.

Agenda Item 8(a)

Report to:	Cabinet
Date	3 September 2008
Reporting Officer	Director of Corporate Services: 301 8885
Contact Officer	Ann Whitton: 301 8789
Subject	County Durham Overview and Scrutiny Joint Members' Network

Purpose

County Durham Overview and Scrutiny Joint Members' Network carried out a scrutiny of transport provision in County Durham. The Scrutiny looked at public transport, health transport and community transport, it focused on issues relating to young, old and disabled people.

A copy of the report 'There and Back -- Local Solutions to Local Transport Problems in County Durham' has been placed in the Members' Room and on Members Online for Members information.

Recommendations

That the report be noted

Information

R.A. Henderson

Director of Corporate Services

3rd September, 2008

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Agenda Item 8(b)

Report to:	Cabinet
Date	3 rd September 2008
Reporting Officer	Tracey Ingle, Head of Cultural Services
Contact Officer	Jen Straughan, Town Hall Manager 3018229 / Martin Boulton, Tourism Manager 3018247
Subject	Town Hall Update

Purpose

This report updates Members on the recent changes and management of the Town Hall as well as setting out the future development of Town Hall Tours. The proposals for the Town Hall, including Tours, were initially approved by Cabinet January 2008 (Minute no. 459 refers).

Introduction

Following the refurbishment of the Town Hall a draft framework Business Plan was agreed. This set out the objective for future management of the Hall against the new income targets and uses proposals. In addition it was agreed to host guided tours. A detailed Business Plan is being written, but the use and demands on the Town Hall are such this interim report seeks to set out the current situation.

Town Hall Manager

The new Town Hall Manager started work in May 2008. The Town Hall Manager will be responsible for attracting appropriate uses and developing income streams from increased use, sponsorship and grant aid. Further work is ongoing to add further support to assist in the promotion and marketing the Town Hall and manage the use of Market Place and Millennium Place.

A number of improvements to the catering and kitchen management arrangements have been implemented. There is now a regular weekly and monthly building systems check, up to date Fire Risk Assessment and a portfolio of building management documentation being developed.

Tours

There is public access to the Main Hall at any time during normal working hours (subject to availability). Guided Tours will enable visitors to also see the Guildhall, Mayor's Chamber and Burlison Gallery with the support of a knowledgeable local guide. The commercial tours started in July 2008.

Originally guided tours were provided free of charge to local residents during June in order to test the appeal of a tour and to identify any issues. The tours have been devised with the assistance of local guide David Butler.

Based on the results of these tours, the following format is proposed for a series of tours over the summer months:

- Tours on weekdays and weekends where availability can be guaranteed.
- Admission charge of £2.50 per person. Children under 14 free, if accompanied by an adult.
- Tickets to be on sale in advance from the Tourist Information Centre and at the Town Hall at the time of the tour. A member of TIC staff to be available to sell tickets.
- Merchandise - postcards, guidebooks, bookmarks etc. - to be made available for sale at the end of the tour.

More tours will be slotted into the Town Hall diary during late August and through into September. From there a regular programme of tours will be actively marketed across the working week and at weekends.

The tours will be conducted initially by a local guide and a member of the tourism service. In the longer term it is proposed to recruit a team of guides, for which support is available from the Institute of Tourist Guiding to recruit and train guides to 'Level 2'.

In addition tours will also be offered to pre-booked groups, catering for a variety of audiences – history groups, architectural specialists, schools etc. They will be adapted to the needs of the group and charged accordingly. We have conducted tours and events for disabled groups, school children and over 60's clubs to date. There is growing interest, for example, in 'luxury' tours offered by cruise operators, which are currently being promoted by One NorthEast. To assist, members of the Mayor's bodyguard have expressed interest in being part of these specialist tours, explaining their role and the history of their weapons.

Hire Charges

Having assessed City Centre competition the Town Hall's Commercial rate is hindering our place in the market for conference and evening events. Competition such as the County Hotel, Durham Castle, University Buildings and Three Tunns all sell on flexible scale based around the time of year, day of the week and activities such as Miners Gala, Regatta and University Graduation events. The Head of Cultural Services and Town Hall Manager are developing a more sophisticated hire policy to assist in the more business like marketing of the Town Hall. This will use peak and off peak hire charges as well as managing the distribution of democratic meetings. A full report on this work will follow with the final Business Plan.

Refreshment Events

There are a number of charitable groups interested in the use of the Small Hall for what were described as "*Coffee Mornings*". These have proved to be of varying standards and prices. The obvious concern is that if standards fall below that we are striving for the Town Hall, a poor product is reflective on our reputation and brand. There is a programme established to allow Charitable use of the Town Hall on Saturdays as well as off peak options. These events will be structured and managed to ensure we offer Fairtrade products and clearly maintain our quality mark.

Meeting Management

There are a number of bookable spaces within the Town Hall. Close liaison with Democratic Services will allow a more flexible programme to maximise the marketing opportunities whilst meeting our primary objective of democratic business. This has come into sharp relief with the issues of Tours. The Tours will be pre-booked into slots from September onwards.

Security

The Town Hall is a public building. There needs to be a balance between allowing full access and maximising the benefits of the investment in the Town Hall, against the risks of inappropriate behaviour. To accommodate these issues there is a new signage system in use to clearly mark areas that are available. In addition a more active presence in the reception area is managed within the Janitors rota. This is particularly important for public meetings such as Cabinet and for our prestigious private bookings.

Marketing

A full marketing Plan for the Town Hall will be developed alongside the Business Plan. Within this will be the promotion of tours. Active marketing will be undertaken using traditional channels such as leaflets and posters, in the local press and on websites. Further relationships with local groups, schools and businesses will be developed to introduce more local communities to the Town Hall. This work is ongoing and it is expected that the numbers of visits will increase over the next 6 months.

A new signage system has been installed in the front windows. This has allowed the proper identification of opening times, activities within the building and the times of formal Tours. In addition parts of the display are used to promote Gala as well as other Leisure and Cultural events.

Assets

A display case rota will be established to help tell the story of the Town Hall and the democratic development of Durham City. At present a display of Mayors of Durham has been used as a stop gap until a more targeted display is developed. The PowerPoint facilities in the reception area have been used to run a dvd of the Body Guards, images of Durham, before and after photographs of the renovation and a further display will be developed

Weddings

The Town Hall has already secured bookings for both evening and all day hospitality for weddings this year. This is an area we wish to develop. This should take place in a series of stages. In order to provide an efficient wedding venue, areas for consideration will be sourcing recommended suppliers for linen, table decorations, catering and refreshments, disco and bands.

Staffing levels for larger and all day weddings will also need to be considered as this area of development is more proactively developed in the future.

The Town Hall has undergone a dramatic transformation. To meet the very high standards and expectations of wedding and major function clientele there are some further areas of work to pursue. This includes a high level clean of our major space, the Large Hall which is soon to be commissioned.

Conclusion

Members are asked to note the progress to date. A further report and Business Plan will follow shortly.

Signature: T. A. Ingle

TITLE: Head of Cultural Services

Date: 4th July 2008

Agenda Item 8(c)

Report to:	Cabinet
Date	3 rd September 2008
Reporting Officer	Tracey Ingle, Head of Cultural Services
Contact Officer	Martin Boulton, Tourism Manager 0191 3018247
Subject	County Durham Tourism Partnership

Purpose

The purpose of this report is to update members on progress of County Durham Tourism Partnership. The County Durham Tourism Partnership (CDTP) is one of the four Area Tourism Partnerships in the region which were established by One NorthEast in 2006. It is a private-sector led, not-for-profit organisation based at Rivergreen, with approximately ten staff, working on behalf of tourism organisations within the county and providing a link with the Tourism Team at One NorthEast.

Since CDTP's inception Durham City Council has made an annual contribution of £10,000 towards its running costs. During that period, the CDTP has performed an on-going marketing function on behalf of the City and responded to specific requests for support with projects.

The marketing has included themed campaigns of direct relevance to Durham, such as 'Peace and Tranquillity' and 'Outdoor and Active', which have enabled the city's tourism team to promote lesser known attractions and to encourage visitors to spend longer in the area.

One particular difficulty for the City has been the inability to provide information in sufficient quantities to satisfy the demand from the growing number of visitors (3.7m. in 2006). The CDTP created a free pocket guide to the City and County, in a quantity of half a million. This means that bulk quantities can now be supplied to the University and other venues, for use by conference delegates, as well as to new outlets such as the Park-and-Ride sites. A new website has also been created, in support of the marketing themes mentioned above, which includes a feature devoted solely to the city.

Specific projects, instigated by the City, which have received support from the CDTP, include the campaign to promote local products and services, entitled Made in Durham. Consultants have been commissioned to investigate the potential of the project and to draw up a business plan. Work is currently being undertaken on a project called Know Your Durham City, to enable front-line staff in hotels, restaurants, shops and other tourism businesses to improve their knowledge of the City and gain confidence in advising visitors what to see. These initiatives will directly benefit the City's attractions, including the Town Hall.

As LGR discussions progress, it is anticipated that the CDTP will play a vital role in co-ordinating the efforts of the private sector in order to boost the visitor economy for the benefit of the local community. While the new authority can be expected to take responsibility for the destination – environment, infrastructure, events etc. – the CDTP will be required to ensure that the businesses play their part in providing a first-class welcome to visitors, by ensuring a high quality of product and service and value for money.

The roles and responsibilities of the major partners in tourism: local authorities, Regional Development Agencies and Visit Britain, are the subject of a recently published review called 'Place Making – a Charter for Destination Management' which is currently under discussion. This document examines the relative roles of the key players, including organisations such as the CDTP, in order to maximise the support for the visitor economy and avoid duplication of effort. Local Authorities will then be invited to sign up to the Charter. A report on the Charter itself will be presented in due course.

Recommendation

That the report be noted.

Information

Appendix One: CDTP Report 2007.

Signature T.A Ingle

TITLE Head of Cultural Services

Date 29th July 2008

City of Durham Council

Report from the County Durham Tourism Partnership

The County Durham Tourism Partnership works on behalf of businesses and public agencies across the sub region to make the visitor economy as successful as possible and ensure that it contributes to the uplift in the county's economy.

The City of Durham – Durham 2020 Vision places considerable importance on the visitor economy as a driver for success and several of the city's major infrastructure projects incorporate a considerable element of tourism within them. We seek to add value to local activities and to fill gaps where it makes sense to deliver at a county level. More information is given below on our approach as well as some details on what we have delivered.

Strategic Planning and research

We commission a rolling programme of research into our visitors and the visitor economy of the county. The programme includes on-street and on line surveys, audits, studies on specific subjects.

- We ensure that County Durham benefits from regional research activity and national studies and put in the County Durham view into regional studies into tourism development.
- Through our customer segmentation work City of Durham benefits from increased understanding of current and potential visitors so that the council and Durham City tourism businesses can make informed decisions about investment and promotion. The customer segmentation study included surveying at Durham Market Square, Crook Hall, Durham City TIC and Cathedral View Guest House.
- A district report is provided on the volume and value of tourism to the district using the STEAM economic impact model. We recruit businesses in to the regional occupancy work to ensure the report has robust data inputs.
- We conduct an attractions audit which includes all the City of Durham attractions. It is designed to help product development.
- We have included members from two Durham City community associations in the county branding work.
- We manage and develop the Area Tourism Management Plan which is an action and investment plan for the county and helps focus investment on projects that are going to bring most benefit to the county. Durham City Visitor Centre, Union Hall Farm, Illuminate and Durham University Sporting Futures are using the ATMaP process to shape and refine their projects.
- The County Durham Tourism Partnership is a member of the county's Economic Partnership and fulfils the function of its visitor economy working group.

Marketing and information.

We deliver a range of marketing tools and campaigns which are particularly beneficial to the city.

- The pocket guide has a print run of 500,000, is distributed regionally and nationally and is heavily subsidised by CDTP. The city area has a dedicated section in the guide and has a strong presence because of its importance to the county's visitor economy.
- The county visitor guide has a section dedicated to Durham City and promotes over 50 accommodation providers and visitor attractions in the district. 60,000 copies are distributed nationally. It is heavily subsidised by CDTP
- Visitcountydurham.com brings Durham City and the district's towns and villages to the attention of over 10,000 unique visitors a month. All the visitor attractions,

accommodation providers as well a range of shops, restaurants, activity providers and events in the district are promoted free of charge on the site – over 140 in all. CDTP also ensures that all of these Durham City businesses are visible on regional and national websites including visitnortheastengland.com, enjoyengland.com and visitbritain.com by acting as the county's data steward.

- We are running four annual campaigns which are designed to promote the county's products. Deep Peace and Tranquillity, with strong participation from the City's attractions including Durham Cathedral, Old Fulling Mill Museum of Archaeology, Crook Hall and Gardens, The Botanic Gardens and The Oriental Museum, is the latest campaign that resulted in the county gaining positive coverage in the Guardian, the Telegraph, on BBC24, Channel 4 news and AOL lifestyle as well as all the regional press. By using our money to lever funds from partner organisations we are able to create a campaign fund of £50,000. Early results from the campaigns show over 3000 visitors to the campaign website, a minimum of £125,000 worth of media coverage and a circulation figure of 45million. In early 2009 we will be running the Durham City Short Breaks Campaign.
- Hidden Gems was a radio based campaign designed to support the visiting friends and relations markets by promoting the many unknown assets of County Durham.
- CDTP have funded and secured a regular 12 week, 10 minute, radio bulletin broadcast on Durham FM to promote events and attractions throughout the county. A representative from Durham City TIC informs listeners of 'What's on in County Durham'.

Partnership development and support

We play an important role in ensuring that tourism businesses and our partner organisations are supported to achieve success.

- Tourism businesses in Durham City receive regular communications about what is happening in tourism regionally and nationally, alerting them to new training opportunities and ensuring they have access to them and feeding back to regional and national partners concerns and issues from tourism businesses. Our weekly bulletin Wednesday Grapevine is read by approximately 160 Durham City businesses and related organisations and this is supplemented with a quarterly printed newsletter for people that prefer hardcopy communications.
- We hold annual roadshows across the county, last year one of the most successful was held at Hallgarth Manor. They provide access to advice and support and help businesses keep abreast of regional and national developments that may benefit them.
- The Durham Attractions Group has the City of Durham attractions in membership. The attractions benefit from networking and joint work such as the county's VIP pass which promotes them to journalists and tour operators.
- The District's manager with responsibility for tourism and the City of Durham TIC managers are supported through the Tourism Officers and TIC Manager Group which encourages sharing of best practice, keeps members up to date with regional developments and seeks their input into regional studies. The TIC staff are supported to take advantage of new technology to improve their services.
- We have a dedicated business relationship team who conduct personal visits to tourism businesses on request and proactively. Through 1-2-1 contact we are able to ensure businesses know about and can access the services and help them need and this includes bringing in specialist advice such as the BLNE Tourism Skills advisors.

Visitor experience

We focus on initiatives to improve the quality of the county's product and the customer service.

- Working in partnership with Newcastle College we fund two Blue Badge Guide students aimed at course participants with the potential to play an economic role in County Durham.
- We provide partner funding to Pennine Horizons to deliver the Know Your North Pennines initiative and are about to roll it out in the city.
- We have initiated and are rolling out the Made in Durham project which supports producers of local produce and local makers and artists' works to give them outlets for their goods.
- We are the lead Area Tourism Partnership for quality and support businesses, particularly accommodation providers, to improve the quality of their establishments and gain national accreditation under the stars scheme run by VisitBritain. This is achieved by running quality information events such as the Quality Counts session at our 2007 roadshows.

Our work benefits both the businesses and the residents of the City of Durham District. The benefits to the businesses can be summed up as: providing evidence for investment and promotion activity, providing marketing opportunities that they couldn't realise themselves and giving them visibility at a regional and national level so they attract more customers, keeping them informed, bringing interest groups together to share information and best practice and promote partnership working and helping them to access the services they need to improve their performance.

Tourism supports approximately 2,700 jobs in Durham City. Our organisation makes a significant contribution to supporting the existence of those jobs and creating more jobs by supporting new and existing tourism businesses to be more productive and by bringing visitors into the area - encouraging them to spend more and stay longer. Many of the people employed in those businesses will be Durham City residents.

As an organisation we lever nearly half a million pounds of regional money annually in to the county to support tourism. This is achieved with the support of City of Durham Council who provided 9% of the £106,700 match funding.

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Agenda Item 8(d)

Report to:	Cabinet
Date	3 rd September 2008
Reporting Officer	Tracey Ingle, Head of Cultural Services
Contact Officer	Simon Stallworthy, Director Gala Theatre (0191) 3324076
Subject	Gala Theatre & Cinema Annual Review 2007-08

1.0 Purpose

- 1.1 The purpose of this report is to inform Members about the publication of the Gala Annual Review 2007-2008. The text of the Review is attached as Appendix One. Copies of the Review will be made available at the meeting.
- 1.2 As in the previous two years, the report is a professional looking, visually interesting document in which ties in with the Gala's print brand. The Annual Review has been designed and printed through the Inprint partnership.
- 1.3 One thousand (1,000) copies have been produced and circulated by post to the Gala's key contact list. It will also be displayed and available at Gala, the Town Hall and Tourist Information as well as made available as a download from Gala's website.
- 1.4 Members are asked **to note** this report.

Signature T. A. Ingle

TITLE Head of Cultural Services

Date: 22nd July 2008

annual review

APRIL 2007 – MARCH 2008



Gala

our mission

STATEMENT

To be a vibrant and cherished building, and present on our stages and screens a programme of the highest quality which encourages creativity, participation, innovation and diversity, within a sound and sustainable financial framework.



This year over
400,000
visits were made to Gala

In all that Gala does, it has really grown up and is taking off.

It is succeeding not just in the terms of its ambitious and imaginative Mission Statement, but in enhancing the lives of thousands of Durham people. Gala lives within a tight budget and yet has expanded and extended its activities in many directions. Excitingly, Gala is now a producing theatre and is commissioning new work. The next pantomime will be fantastic. Gala has extended the range so that there really is something for everyone, from music, dance, theatre, film, comedy and the staging of community work.

Gala is even good for the local economy, bringing in £6,500,000 annually. It has improved under every heading in the last year. Sales in all areas are up and the millionth customer has been welcomed. There are now Corporate Friends of the Gala and we hope they will grow in number.

It is good to have this opportunity to thank the skilled, talented and committed staff who under Simon Stallworthy's inspired leadership, are doing great things.

Councillor Sue Pitts
Portfolio Holder for Culture

Gala inspires!

Gala aims to be a distinctive, professional, locally accessible cultural asset and it aims to succeed...

And succeed it has. This success has been achieved through the passion and belief of the Gala team and their many hours of hard work. The Theatre and Cinema are now established at the heart of Durham's cultural offer and it is placed as a key player in the region. I am very proud of our success.

Over the last year I have enjoyed an array of wonderful performances, films and fantastic hospitality at Gala. Behind the scenes supporting all of this activity is the technical crew, marketing team, box office, back office, Stage School and our management team. We have produced our own highly successful and entertaining plays, I recall *Maggie's End* with pride and still smile at the '80s dancing we all did at *Gold!*

What of the future? Gala is well placed to build on these firm foundations and will, I am sure, go from strength to strength. Why, because there is no greater thrill than knowing you are part of the team that delivers fantastic performances, and watching the rapt faces of our audiences.

Tracey Ingle
Head of Cultural Services

introductions

the live PROGRAMME

This year we have presented

313

live performances in our theatre to over

96,000

people.

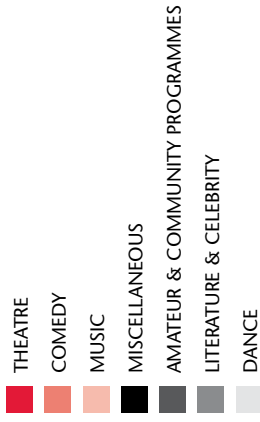
The most popular production run (excluding the Christmas pantomime) was Gala Theatre Stage School's production of *We Will Rock You* seen by over

3,000

people.

Comedy has been as popular as ever with sell-out performances by Dave Spikey, Brendan Healey, Ardal O'Hanlon and many others.

And the year saw some extremely high quality drama with visits by Northern Stage, Northern Broadsides and Headlong theatre companies.



One quarter of the work presented at Gala during the year was by amateur and community groups. These included the ever popular Durham Musical Theatre Company, who had two very successful runs of *Mack and Mabel* and *Gigi*.

We also hosted work by a variety of schools and community groups including St Godric's School, Durham University Light Opera Group, Durham High School for Girls, Durham New College and many others.

community PERFORMANCES

Our Christmas production this year in association with David Lee and Pantoni Productions, was *Sleeping Beauty* which ran for 51 performances to over

20,000

children and their families.

Northern Echo

*'If the secret of panto success is keeping both the kids and adults happy, then *Sleeping Beauty* can look forward to a record-breaking run.'*

Evening Chronicle

'Well directed and well performed with excellent scene changes... the Gala show didn't disappoint'

Sunderland Echo

'A magnificently talented cast and lavish production of a popular, classic, festive treat'

Durham Times

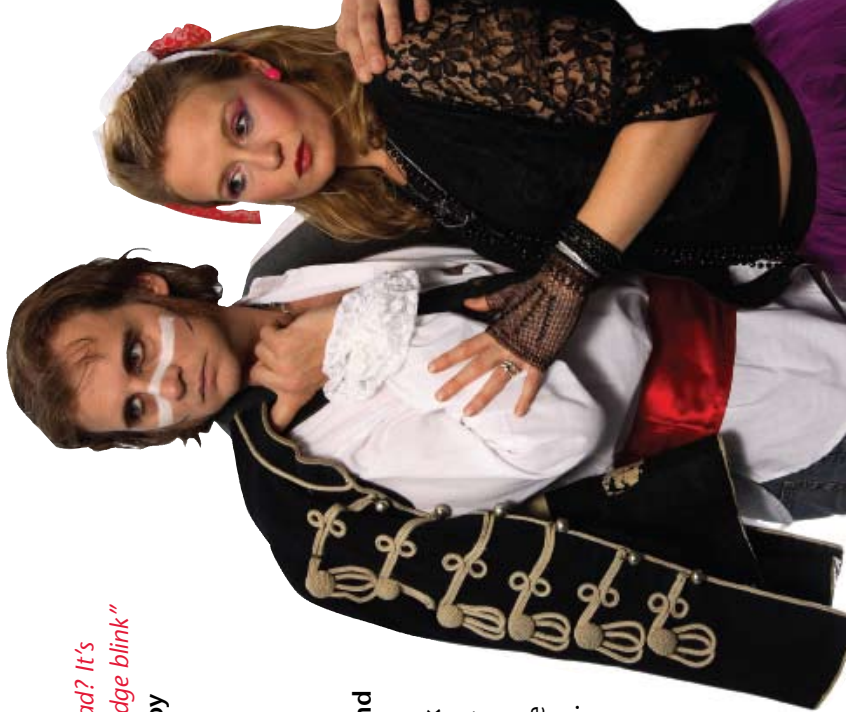
'The show kept a packed Gala audience entertained for the best part of three hours and appealed to all ages'

THE pantomime



The Gala Theatre produced three of its own professional productions this year and is becoming increasingly recognised as an important regional producer. Each production took its own distinctive look at life in the North East and forged relationships between Gala and the region's creative industries including writers, actors, photographers and designers.

GALA productions



"A Hilton Hotel... in Gateshead? It's enough to make the Tyne bridge blink"
Jackie Bridges, Beamish Boy

*"Margaret Thatcher's dead"
"Dead? Really?... Did you actually see someone put a stake through her heart?"*
Leon Thomas, Maggie's End

By producing our own work we can focus on stories that are relevant and specific to all of us and can employ the region's best talent to do so.

This year has seen

2588

cinema screenings attended by

88,896

people, an increase in

11%

from the last financial year.

World Cinema screenings have gone from strength to strength, with an average attendance of 65%.

This year has also seen us secure funding for the first ever artists' film festival in Durham and to improve our projection equipment.

Involvement in the Durham Arts Festival allowed Gala to secure the only UK screening of Iranian film *Santouri* and the regional premiere of *Half Moon*.

A film discussion group has also been established, engaging audiences to think about and discuss films.

Positive local relationships have been built with New College in Durham and Clayport film club.

THE FILM programme

gala theatre

STAGE SCHOOL

The Gala Theatre Stage School (GTSS) was established in 2002 and has involved hundreds of young people. It is widely regarded as one of the North East's leading Youth Theatres. The BBC's Fame Academy has called GTSS the UK's best Musical Theatre programme.

GTSS members include some of the region's best young talent, many of whom progress to world-class training schools including RADA, Mountview and the Royal Academy of Music and appearing in major West End shows.

Between April 2007 and March 2008 GTSS produced five major musical theatre shows of a professional standard: *Time Warp Experience*, *The Wizard of Oz*, *We Will Rock You*, *Jekyll & Hyde* and a Reunion show all of which received fantastic audience reactions and reviews.

All 260 students took part in an annual Easter show in April 2007, performing new music and classic show tunes to showcase the vast talent of the school.

In Summer 2007 GTSS performed the West End smash – *We Will Rock You* - to over 3000 people in five days. Every performance received a standing ovation – the ultimate accolade and achievement!



our financial PERFORMANCE

In the last three years the Gala has increased its turnover from £2.2 million to

£2.6 million

on a decreased subsidy base.

Three years ago the subsidy Gala received from the City of Durham Council represented 28.9% of its turnover. It now stands at

21.8%

	2007-08	2006-07	2005-06
INCOME			
Theatre Box Office	£1,012,213	£896,289	£844,745
Cinema Box Office	£305,989	£281,999	£261,510
Catering and Front of House	£449,089	£435,699	£375,307
Other Income	£286,351	£147,405	£123,260
City Council Subsidy	£572,344	£578,164	£650,000
	£2,625,986	£2,339,556	£2,254,822

EXPENDITURE

Theatre Programme costs	£847,540	£652,204	£632,593
Cinema films costs	£199,002	£124,047	£143,598
Catering and Front of House	£446,872	£460,510	£286,404
Other Expenditure	£1,132,572	£1,102,796	£1,092,227
	£2,625,986	£2,339,556	£2,154,822

Using formula supplied by the Arts Council of England it is estimated that Gala's contribution to the local economy is over

£6.5 million per annum

friends & CORPORATE FRIENDS

The Gala now has

321 members

of its Friends scheme, who all help support the Gala through their attendance and membership. The Friends receive selected discounts, regular information updates and invitations to special Friends events.

This year we launched our Corporate Friends Scheme and have gained three members:



NORTHUMBRIAN WATER



necc
North East Chamber of Commerce

New College Durham

We would like to thank all our friends for their invaluable support and look forward to continuing to work together next year.



Next year we plan to:

- Upgrade the Blue Room to cinema seating
- Continue to develop our in-house programme with innovative creative projects
- Produce our own Christmas pantomime
- Strengthen our links with schools and colleges through the Education Advisory Group
- Grow the Corporate Friends Scheme and develop our links with the regional business community
- Carry out a comprehensive survey of Gala visitors and those yet to visit Gala
- Work wherever necessary with new partners to ensure Gala flourishes within the new council model.

OUR
aspirations
FOR 2008-09

Agenda Item 8(e)

Report to:	Cabinet
Date	3 September 2008
Reporting Officer	Executive Director Tel: 0191 3018867 email: dmarrs@durhamcity.gov.uk
Contact Officer	Kay Laidlaw – Legal & Complaints Officer Tel: 0191 3018876 email: klaidlaw@durhamcity.gov.uk
Subject	Local Government Ombudsman Cases

Purpose

For Members' Information, I attach at Appendix A, schedule of successful defences of complaints referred to the Commission for Local Administration in England

Also attached at Appendix B is the annual letter from the from the Local Government Ombudsman which provides a summary of the complaints received about Durham City Council and comments on the authority's performance and complaint handling arrangements.

As a result of the Secretary of State's decision on the future structure of local government in Durham this is the last annual letter that will be sent to the council in its present form. The Ombudsman has expressed her thanks to all the members and officers who have dealt with her office for their courtesy and co-operation and wishes us well for the future.

Attached are the statistical data covering a three year period and notes of interpretation.

Recommendations

That the report be noted.

Signature **D Marrs**

TITLE Executive Director

Date 15 August 2008

City of DurhamCABINET3 September 2008Report of the Executive Director - For InformationSchedule of Successful Defences of Complaints Referred to the Commission for Local Administration in England

<u>L.O. Case Ref. No.</u>	<u>Summary of the Nature of the Complaint</u>	<u>Local Ombudsman's Findings/Decision</u>
07/C/14190/JAR	The summary of the complaint is that the council failed to process the complainant's application for re-housing properly, which has left her and her children overcrowded: and to act on her reports that she is being harassed by her neighbours.	<p>The Local Government Act 1974 says that normally the Ombudsman may not investigate a complaint unless it was made to her, or to an elected councillor, within 12 months from the day when the complainant first knew something had happened that affected her. This restriction appears to apply to this complaint about the council's decision to withdraw the first offer of a property made in September 2006. This is because any complaint about this decision should have been made by September 2007.</p> <p>Reason for termination: no or insufficient evidence of maladministration.</p>
07/C/06086/vmg	The summary of the complaint is that the council has failed to take action to prevent the complainant's property from being damaged by damp and periodic flooding caused by water which cannot adequately drain from council owned land.	<p>The Ombudsman has requested that the Deputy Head of Property Services visit the premises to try to establish what the problem actually is. There seems to be a number of contributory factors and this would enable the council to make a proper assessment of the problem and give a view as to whose responsibility it is.</p> <p>Reason for termination: Local Settlement</p>

<u>L.O. Case Ref. No.</u>	<u>Summary of the Nature of the Complaint</u>	<u>Local Ombudsman's Findings/Decision</u>
07/C/15801/PEL	The summary of the complaint relates to the Monitoring Officer's refusal to take action against West Rainton & Leamside Parish Council. The complaint was originally made to the Monitoring Officer (L Blackie) in May 2006.	<p>The ombudsman comments that the complaint is not in the jurisdiction of the Monitoring Officer and therefore outside of the Local Government Ombudsman's jurisdiction. The Local Government Act 1974 says that normally the Ombudsman may not investigate a complaint unless it was made to her, or an elected councillor within 12 months from the day when the complainant first knew something had affected him or her. The restriction also applies to this complaint.</p> <p>Reason for termination: No maladministration.</p>

**The Local Government Ombudsman's
Annual Letter**

Durham City Council

**for the year ended
31 March 2008**

The Local Government Ombudsman (LGO) provides a free, independent and impartial service. We consider complaints about the administrative actions of councils and some other authorities. We cannot question what a council has done simply because someone does not agree with it. If we find something has gone wrong, such as poor service, service failure, delay or bad advice, and that a person has suffered as a result, the Ombudsmen aim to get it put right by recommending a suitable remedy. The LGO also uses the findings from investigation work to help authorities provide better public services through initiatives such as special reports, training and annual letters.

Annual Letter 2007/08 - Introduction

This annual letter provides a summary of the complaints received about Durham City Council and comments on the authority's performance and complaint-handling arrangements.

As a result of Secretary of State's decisions on the future structure of local government in Durham this is the last Annual Letter that I shall be sending to the Council in its present form. I should like to take this opportunity of thanking all the members and officers who have dealt with my office for their courtesy and co-operation and wish you well for the future.

Two attachments form an integral part of this letter: statistical data covering a three year period and a note to help the interpretation of the statistics.

Complaints received

Volume

I received 15 complaints against the Council during the year a figure which shows a slight fall [from 21] from the previous year. The numbers are not large and I can offer no meaningful comment other than to say that no trends or patterns emerged during the year to alarm me.

Liaison with the Local Government Ombudsman

I ask all councils to reply to enquiries from my office within 28 days. The Council has consistently met this target in recent years and this year took 24.9 days on average to reply to my enquiries. I am grateful to the Council for the efforts it clearly makes to deal with enquiries from my office.

Decisions on complaints

Reports and local settlements

We will often discontinue enquires into a complaint when a council takes or agrees to take action that we consider to be a satisfactory response – we call these local settlements. In 2007/08 the Local Government Ombudsmen determined 27% of complaints by local settlement, a figure of around 2940 complaints nationally (excluding 'premature' complaints - where councils have not had a proper chance to deal with them - and those outside our jurisdiction). If an investigation is completed I issue a public report.

I issued one report about the Council's decision to approve planning permission for an indoor soccer arena. I found that the complainant had suffered some injustice as a consequence of maladministration by the Council. The Council responded positively to my recommendations.

The Council agreed to settle 3 other complaints and I am grateful to the Council for responding so positively in these cases.

Other findings

I determined 19 complaints during the year including the four I have referred to above. This figure exceeds the number of complaints received in the year because of work in hand at the beginning of the year. Of these 19 complaints, 5 were sent to me prematurely by which I mean that the Council had not been given a reasonable opportunity to deal with the complaints. In 5 cases I found no evidence of maladministration while in 5 cases I exercised the general discretion available to me not to pursue the complaint.

Your Council's complaints procedure and handling of complaints

I have no concerns about the way in which the Council deals with complaints put directly to it by members of the public.

Training in complaint handling

Part of our role is to provide advice and guidance about good administrative practice. We offer training courses for all levels of local authority staff in complaints handling and investigation. A detailed evaluation of the training provided to councils over the past three years shows very high levels of satisfaction. We will customise courses to meet your Council's specific requirements and provide courses for groups of staff from different smaller authorities. Participants benefit from the complaint-handling knowledge and expertise of the experienced investigators who present the courses.

I enclose information on the full range of courses available together with contact details for enquiries and any further bookings.

LGO developments

We launched the LGO Advice Team in April, providing a first contact service for all enquirers and new complainants. Demand for the service has been high. Our team of advisers, trained to provide comprehensive information and advice, has dealt with many thousands of calls since the service started.

The team handles complaints submitted by telephone, email or text, as well as in writing. This new power to accept complaints other than in writing was one of the provisions of the Local Government and Public Involvement in Health Act, which also came into force in April. Our experience of implementing other provisions in the Act, such as complaints about service failure and apparent maladministration, is being kept under review and will be subject to further discussion. Any feedback from your Council would be welcome.

Last year we published two special reports providing advice and guidance on 'applications for prior approval of telecommunications masts' and 'citizen redress in local partnerships'. Feedback on special reports is always welcome. I would particularly appreciate information on complaints protocols in the governance arrangements of partnerships with which your Council is involved.

Conclusions and general observations

I welcome this opportunity to comment on our experience of complaints about the Council over the past year. I hope that you find the information and assessment provided useful when seeking improvements to your Council's services.

Anne Seex
Local Government Ombudsman
Beverley House
17 Shipton Road
YORK
YO30 5FZ

June 2008

Enc: Statistical data
Note on interpretation of statistics
Leaflet on training courses (with posted copy only)

Complaints received by subject area	Benefits	Housing	Other	Planning & building control	Public finance	Transport and highways	Total
01/04/2007 - 31/03/2008	1	5	2	2	4	1	15
2006 / 2007	1	7	2	8	1	2	21
2005 / 2006	0	8	5	13	1	0	27

Note: these figures will include complaints that were made prematurely to the Ombudsman and which we referred back to the authority for consideration.

Decisions	MI reps	LS	IM reps	NM reps	No mal	Omb disc	Outside jurisdiction	Premature complaints	Total excl premature	Total
01/04/2007 - 31/03/2008	1	3	0	0	5	5	0	5	14	19
2006 / 2007	0	5	0	0	13	1	1	3	20	23
2005 / 2006	0	6	0	0	4	4	2	4	16	20

See attached notes for an explanation of the headings in this table.

Average local authority response times 01/04/2007 to 31/03/2008

Response times	FIRST ENQUIRIES	
	No. of First Enquiries	Avg no. of days to respond
01/04/2007 - 31/03/2008	7	24.9
2006 / 2007	12	19.8
2005 / 2006	17	15.9

Types of authority	<= 28 days %	29 - 35 days %	> = 36 days %
District Councils	56.4	24.6	19.1
Unitary Authorities	41.3	50.0	8.7
Metropolitan Authorities	58.3	30.6	11.1
County Councils	47.1	38.2	14.7
London Boroughs	45.5	27.3	27.3
National Park Authorities	71.4	28.6	0.0

Notes to assist interpretation of the LGO's local authority statistics 2007/08

1. Complaints received

This information shows the number of complaints received by the LGO, broken down by service area and in total within the periods given. These figures include complaints that are made prematurely to the LGO (see below for more explanation) and that we send to the council to consider first. The figures may include some complaints that we have received but where we have not yet contacted the council.

2. Decisions

This information records the number of decisions made by the LGO, broken down by outcome, within the periods given. **This number will not be the same as the number of complaints received**, because some complaints are made in one year and decided in the next. Below we set out a key explaining the outcome categories for 2007/08 complaints.

MI reps: where the LGO has concluded an investigation and issued a formal report finding maladministration causing injustice.

LS (local settlements): decisions by letter discontinuing our investigation because the authority has agreed to take some action which is considered by the Ombudsman as a satisfactory outcome for the complainant.

M reps: where the LGO has concluded an investigation and issued a formal report finding maladministration but causing no injustice to the complainant.

NM reps: where the LGO has concluded an investigation and issued a formal report finding no maladministration by the council.

No mal: decisions by letter discontinuing an investigation because we have found no, or insufficient, evidence of maladministration.

Omb disc: decisions by letter discontinuing an investigation in which we have exercised the Ombudsman's general discretion not to pursue the complaint. This can be for a variety of reasons, but the most common is that we have found no or insufficient injustice to warrant pursuing the matter further.

Outside jurisdiction: these are cases which were outside the Ombudsman's jurisdiction.

Premature complaints: decisions that the complaint is premature. The LGO does not normally consider a complaint unless a council has first had an opportunity to deal with that complaint itself. So if someone complains to the LGO without having taken the matter up with a council, the LGO will usually refer it to the council as a 'premature complaint' to see if the council can itself resolve the matter.

Total excl premature: all decisions excluding those where we referred the complaint back to the council as 'premature'.

3. Response times

These figures record the average time the council takes to respond to our first enquiries on a complaint. We measure this in calendar days from the date we send our letter/fax/email to the date

that we receive a substantive response from the council. The council's figures may differ somewhat, since they are likely to be recorded from the date the council receives our letter until the despatch of its response.

4. Average local authority response times 2007/08

This table gives comparative figures for average response times by authorities in England, by type of authority, within three time bands.

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Agenda Item 8(f)

Report to:	Cabinet
Date	03 September 2008
Reporting Officer	Tracey Ingle, Head of Cultural Services
Contact Officer	Michael Hurlow, Heritage and Design Manager, Ext 8703
Subject	Draft Heritage Protection Bill and World Heritage Site Consultation Paper, DCMS.

1.0 Purpose

- 1.1 The Department of Culture, Media and Sport has recently issued a draft Heritage Protection Bill and a consultation paper on the Protection of World Heritage Sites. This report identifies key issues emerging and the Heritage and Design Section's preparations to deal with them. It also is an update for members on the scope and impact of the forthcoming legislation.

2.0 Heritage and Design Section

- 2.1. The Section has been progressively restructured over the past three years to form a multi disciplinary team capable of meeting the challenges of managing the historic environment of the City of Durham and servicing the Council with high quality professional advice.
- 2.2 The team structure has also responded to the need to strengthen the management of the World Heritage Site and meet the challenge of changing legislation.
- 2.3 A new post of World Heritage Site Co-ordinator has been created in partnership, employed by the University but housed in the Heritage and Design Section. This post will help to unite the various parts and organisations of the World Heritage Site and unlock beneficial change.

3.0 Draft Heritage Protection Bill 2008 - Key Issues

- 3.1 The various grades of listed buildings, scheduled ancient monuments, historic gardens and battlefields will be unified into one system of "Heritage Assets". There will be need to reconfirm the status of existing buildings and historic parks and to inform owners of the listing to avoid later repercussions. In addition increased importance is placed on heritage information contained within local authority archives and databases. This duty will fall upon the new Unitary Council's professional services: that will incorporate the existing Heritage and Design Section staff. Issues will be encountered in resourcing this change both within the new Council and English Heritage who will be charged with managing the system. There is currently a deficit of conservation staff across the County.
- 3.2 Listed building consent and scheduled ancient monument consent will be merged into 'Heritage Asset Consent'. This alters previous requirements surrounding applications and concentrates on impact on the defined special interest of the 'asset' (building, structure or archaeological deposit). This will initially be complex to apply but ultimately represents a simplified system with inconsistencies removed. There may be scope for greater control of works to registered properties but this will depend on the further definition of the legislation and subsequent case law. Special interest

will present an issue for definition and subsequent understanding by applicants of what needs permission and how their building might be affected by their proposals.

- 3.3 The changes reinforce the role of conservation officers and archaeological staff. Their role becomes more essential and, although the City has geared up for this change, archaeology remains serviced by County staff. Again the deficit of staff and small numbers of archaeological staff may cause issues in maintaining an effective service for planning services and the public for the new Council.
- 3.4 Heritage Partnership Agreements are a new system to enable large or complex buildings or sites to strike an agreement with a local authority to cover various works without a need for related applications. This may be of use and build on our successful current ways of working, for instance with the University and Castle. The issue will be whether in the future to use this format balanced against the resource taken up in its negotiation.
- 3.5 Later draft parts of the Bill include the requirement to carry out conservation area appraisals and management plans and the assessment of enhancement when dealing with development applications is given a new emphasis. The impact will be experienced when the new Unitary Authority is required with limited staff to ensure all conservation areas are appraised. The inclusion of an urban design post in current section staffing enables the handling of the new application emphasis but may not be so closely linked to conservation in the new unitary structure.
- 3.6 There is scope without further definition for an increased role for English Heritage in being consulted on Heritage Area consents and this could impact on required target periods for determining applications.
- 3.7 The draft Heritage Protection Bill will also give World Heritage Sites that same level of protection against permitted development offered by, for instance, conservation areas. This will not impact on Durham City.

4.1 Protection of World Heritage Sites - Consultation paper

- 4.2 The Paper does act as useful summary of beneficial management of World Heritage Sites and their policy relationship with planning legislation and local authority policies (local plans or the emerging Local Development Framework). It is useful in helping to guide forthcoming policies relating to the World Heritage Site (WHS) in Durham. This will fall to the new Unitary Council to implement and current work on the City's LDF is suspended pending a new Councils combined approach across all the merged Durham Councils.
- 4.3 Much of the Paper's advice is currently being followed through the World Heritage Site Management Plan, the new Coordinator and the creation of the Coordinating Committee.
- 4.4 Areas where advice is weak are of particular concern for Durham City are the option and impact of buffer zones (immediate areas around the WHS) and the setting of the Site (a wider more generalised area) which are not subject to clear advice. Durham's new policies will need to deal convincingly with the definition of these and embed them in new Local development Framework policy.
- 4.5 There is no greater protection against smaller incremental change than is offered by Conservation Area status. Policy and potentially Article 4 (2) Directions are needed to further tighten prevention of detrimental cumulative change.
- 4.6 The need for Environmental Impact assessments in relation to the WHS is reiterated. Together with increased ability for English Heritage to cause an application to be

called in for Government scrutiny by sustaining an objection could cause both delay and greater scrutiny of more significant applications with some impact on the WHS.

5.0 Supporting Documents

Appendix 1 – Detailed explanation and comments regarding Draft Heritage Protection Bill

Appendix 2 - Detailed explanation and comments regarding Protection of World Heritage Sites Consultation Paper

Appendix 3 – Consultation Comments Draft Heritage Bill

Appendix 4 – Consultation Comments draft WHS Protection Circular

6.0 Members are asked to note the Report and comments made to DCMS

Signature T. A. Ingle

TITLE Head of Cultural Services

Date 30th July 2008

Appendix 1

Detailed Explanation and Comments Regarding Draft Heritage Protection Bill

Draft Heritage Protection Bill Notes and Comment

Introduction

The aims of the Bill are to simplify the various ways in which heritage is protected and managed in legislative terms. It seeks to do this by unifying all existing heritage designations into a single designation and then to apply the same planning consent regime to them. Consequently listed buildings and scheduled ancient monuments will become 'Registered Heritage Assets' whilst historic parks and gardens and battlefields will become 'Registered Heritage Open Spaces'. The management of change to heritage assets will be through 'Registered Heritage Asset Consent' which replaces listed building consent and scheduled ancient monument consent. Control of change to heritage open spaces will be through planning permission as existing.

The Bill is split into six parts:

Part 1: Heritage Registration

Part 2: Control of Works and Prevention of Damage to Registered Heritage Structures

Part 3: Other Effects (use of planning functions, heritage partnership agreements, compulsory purchase and guardianship)

Part 4: Marine Heritage Licences

Part 5: Heritage Environment Records

Part 6: General (powers of entry, extent of registration, definitions of terms)

Supplementary to this are:

Clauses on Conservation Areas

Much of the Bill replicates existing legislation but there are number of significant changes of emphasis and to procedure. Also, the merging of the, often quite different, disciplines of archaeological monument and historic building has led to a number of grey areas. The main points are outlined below with comments on the potential impact on workload and work practices. The Bill has around 230 clauses or sections so not everything is covered here but all the main issues are described here. It is likely that the Bill will be enacted in 2009 but as yet there is no definite timetable for it coming into force. The full document and explanatory notes can be viewed at http://www.culture.gov.uk/reference_library/publications/5075.aspx.

Part 1 Heritage Registration

- **Principle.** Change from various designations to 'Registered Heritage Assets' – *In the future a single registered asset could contain buildings, archaeology, battlefields and parks and gardens. There are no plans to review existing designations... they will just become registered heritage assets and no longer be called listed buildings, ancient monuments etc.*
- The responsibility for designating assets moves from Department for Culture, Media and Sport to English Heritage (EH). *This has already happened and makes little change to procedure as EH was the chief advisor in this process previously.*

- **Definition** (Clauses 2 & 3). The definition of an historic asset is divided between a heritage structure and a heritage open space. A heritage structure can be a building, archaeological feature, cave, aircraft / wreck or indeed 'things or a group of things' that are part of a structure or within its curtilage. A heritage open space can be a garden, park, battlefield or 'a part of anything within' these. *The broadening out of what may be protected to even include the vague caveat of 'things or group of things' suggests a whole new legal debate on the scope of designation. Hopefully these issues will be clarified by the new descriptions of heritage assets which will include an inventory and map showing the scope of designation.*
- **Definition Cont.** (Clauses 2 & 3) For a structure or open space to become a registered historic asset it has to be;

'of special historic, archaeological, architectural or artistic interest'

Artistic interest is a new consideration, whilst the rest is a merging of historic building and archaeological definitions. In addition the group value of a structure can be a consideration. *Taking this new definition with the scope of what may be designated seems to suggest that just about anything can be protected. The only clarification on artistic interest has been to state that it will not include easily removable objects such as paintings. Rather it aims to protect items such as sculptures and mosaics.*

- **Criteria** (Clause 4) English Heritage now have to publish criteria by which registration decisions shall be made
- **Registration Process** (Clauses 5 to 44). The registration process will become more accountable with consultation of owners and a right to appeal. Protection will come into affect from the start of the consideration process. And all registered assets will be placed on a national publicly-accessible register.
- **World Heritage Sites** (Clause 45) This clause is solely to define a World Heritage Site (WHS) as within the meaning of Articles 1 and 2 of the World Heritage Convention. *This clause formalises the status of a WHS within primary legislation. It does not include any specific protective legislation. A WHS will be placed on the register of heritage assets but not covered by the legislation; this will be left to individual designations, for example Durham Cathedral, Durham Castle. Separately from the Bill, a change to planning legislation will offer some protection to a WHS by making it article 1(5) land which is the same as a conservation area, whilst the Secretary of State will issue a direction to LPAs as to which planning applications affecting WHS, he wishes to see referred to him. The creation of a WHS as article 1(5) land will not make any difference for the Durham WHS as this is already covered by a conservation area. Further to the above updated policy and guidance on the significance and management of WHS will be published in the form of a draft planning circular.*

Part 2: Control of Works and Prevention of Damage to Registered Heritage Structures

- **Principle.** Heritage Asset consent replaces listed building consent, scheduled ancient monument consent. Registered heritage open spaces, such as parks and gardens or battlefields, will not be covered by the need for consent. Rather the need to consider the desirability of preserving their special interest where planning permission is required continues. The local planning authority (LPA) will determine all such consent applications unless otherwise directed. *The Council will have to ensure that it has sufficient expertise to deal with archaeology as well as historic buildings. With local government reform this is likely to fall on to the archaeology section at County.*

- **Works requiring consent** (Clauses 86-88). Heritage Asset Consent will be required for the following classes of work:
 - Demolition
 - Damage that affects the special interest of the asset
 - Removing, repairing, adding or altering the asset in a way that affects its special character
 - Flooding or tipping
 - Removing an object from the asset

This is similar to the present system for listed buildings. Flooding and tipping largely refers to land and therefore archaeological deposits. The need for consent for repair is new, yet it is hoped that 'like for like' repair shall continue not to require permission as it will not affect an asset's special character.

- **Class Consents** (Clauses 93 to 94). Class Consents are exemptions from the need for consent for various classes of work for all assets or various types of assets. They can only be made by the Secretary of State. *These are an extension of the class consents for scheduled ancient monuments, which have worked well. It is probable that they will only be used for minor routine operations such as minor repairs, refurbishment etc. See also Heritage Partnership Agreements below.*
- **Unauthorised work** (Clauses 89 to 92). It remains a criminal offence to undertake work to a heritage asset without consent. The penalties have not been significantly increased in monetary or custodial terms. Importantly the issue of strict liability has been lost. Consequently it is now a defence if you can prove that you were unaware that a building was registered. *The loss of strict liability is an important issue, to minimise the risk of this defence being used the Unitary Council will have to make sure its GIS and other database systems are correct, especially those used by the land charges section. In addition a letter may need to be sent to all listed building, scheduled ancient monument or historic parks owners.*
- **Application process** (Clauses 95 to 106) The application process largely follows that of listed buildings though national government retains the right to direct the level of consultation and the determining body for a particular application or class of application. All applications must be determined in eight weeks unless an extension is agreed. *It would appear that 'grades' are being removed and consequently the triggers of notification to EH and the national amenity societies is left to a further direction from Central Government.*
- **Granting or refusing consent, review and appeals** (Clauses 106 to 122) If a LPA is minded to grant consent then they must notify Government Office or, possibly, EH and give them 28 days in which to approve the decision or to review it. When refusing an application the applicant may ask the LPA to review this decision. Only after this review can they formally appeal to the Planning Inspectorate. An applicant can also ask for a review and then appeal for the non-determination of an application within the statutory eight week deadline. *The requirement to notify government office on all approvals, rather than just decisions on grade I and II* buildings, will add a significant delay to the applicant and an additional layer of procedure to LPA. At present applications affecting grade I and II* buildings are not counted within the development control performance targets due to notification. The in-house review of a refusal is similar to what is being proposed in the forthcoming Planning Bill. No details on how this will operate or who will be on such a review board are provided.*

Enforcement (Clauses 129 to 132). A LPA must consult EH before undertaking heritage asset enforcement action. If a specified course of remedial action is not undertaken by the owner then the LPA can enter the land, undertake the work and seek the recovery of costs. *The requirement to consult EH could cause a potentially dangerous delay whilst the majority of enforcement complaints are small-scale and well within the capabilities of Professional Heritage and Planning officers. A clause states that this requirement can be refined and directed not to apply in certain cases. It is hoped that this power is used extensively. The potential for a LPA to undertake the work is a new and powerful tool.*

Part 3: Other Effects

- **Planning functions** (Clauses 155 to 156). In regard to development that would affect a registered heritage asset and its setting a local authority must have, when considering whether to grant planning permission, regard to the desirability of preserving the special character of that asset, its setting and any feature which that structure possesses. Central government may make a direction on the need to publicise applications for such applications. *This continues the established practice for current heritage designations.*
- **Heritage Partnership Agreements** (Clauses 157 to 159). Heritage Partnership Agreements are an agreement between an asset owner and the LPA that certain classes of work will not require consent. An agreement will have to be ratified by a national body and be subject to periodic review. *These agreements have the potential to significantly decrease the heritage planning caseload. They are designed principally for owners of large or complex buildings / sites or groups of buildings / sites under the same ownership. However the scope of such agreements is at present an unknown as is the time, cost and expertise involved in making them.*
- **Compulsory Purchase** (Clauses 163 to 170). This power remains largely unaltered with the exceptions that authority must be gained from a national authority (could be English Heritage) and that the easements of a particular asset can be included or purchased separately. Repairs notices served before the compulsory purchase notices are still required.
- **Preservation Notices** (Clauses 174 to 176). This replaces Urgent Works Notice and is limited to the 'works necessary to preserve a registered heritage structure', which a LPA can undertake and then claim back the costs. In addition a LPA may only carry out these works with the approval of EH. *The terminology of this clause is vague and the scope of work will need to be clarified... otherwise a LPA could find themselves not being able to claim back the cost of work they have undertaken. The requirement for EH approval is, like enforcement action, unnecessary in the majority of cases if there is sufficient provision within a local authority. Current provision within Durham City, for example, would allow appropriate local decision making on managing buildings at risk.*
- **Registered Heritage Assets under public ownership / guardianship** (Clauses 182 to 184). A heritage asset owned or under the care of a public body must be made accessible to the public where possible. *This makes sense for monuments and parks but less so for buildings where the question of use and security can be more important. However there are enough caveats to this clause to properly control and reduce access to a minimum.*

Part 4: Marine Heritage Licences

- This may be relevant for the new Unitary Council, depending on the current and future registering of Marine Heritage. For clarity a licence from EH is needed to carry out any works to a registered asset under the sea.

Part 5: Historic Environment Records

- **Duty for a LPA to create and maintain a Historic Environment Record** (Clause 210). A LPA, which in this case means at the County level, must create and maintain a record of assets of historic, architectural, archaeological and artistic interest within its district and make this record available to the public. Any information about an asset held within a HER must be taken into account as part of the planning process. *This is basically a new term for the County Sites and Monuments Record and gives legal status to a record that most counties, including Durham, already have. The principle issue for the City's Heritage and Design section is the need to migrate information we have to this county-wide database and to ensure we have the skills and knowledge to use it.*
- **Special Local Interest** (Clause 215). A LPA may list 'assets' that are of local interest **if** it publishes in advance a set of criteria against which structures are assessed and consults the owner of an 'asset' prior to confirming such status. *This clause produces a more formal system of local listing but does not provide any legislative control, it is envisaged that a local lists remain of limited value in planning terms.*

Part 6: General

- A largely technical section that deals with powers of entry, the extent and definition of an asset (which now includes the land beneath a building) and legal definitions of terms used within the Bill.

Supplementary Clauses: Conservation Areas

- **Designation** (Clause 3). A conservation area may **not** be designated or varied without first undertaking a process of public consultation. EH must also be consulted. The period of consultation is to be 28 days and representations must be taken into account. *This formalises current working practices.*
- **Management Plans** (Clause 5). Management Plans, consisting of a character appraisal and preservation and enhancement proposals must be made as soon as practical after designation or variation. Such plans must be updated and revised after a variation is made. Such documents must be consulted upon. *This formalises the conservation area appraisal and management plan as a required document.*
- **Planning Functions** (Clause 6). With regard to planning functions a LPA must have special regard to:
 - Preserving the character or appearance of a conservation area where an opportunity to enhance does not arise.
 - Enhance the character or appearance of a conservation area where the opportunity does arise.

- *This is a fundamental change that reverses the previous requirement to only ensure preservation in favour of securing enhancements to a conservation area. To what extent it is reasonable and fair to make an applicant do this will be a fine judgment that if abused may lead to this clause being modified to weaken it.. However it does significantly strengthen the power of the LPA and the importance of professional conservation and urban design advice.*
- **Enforcement** (Clause 9). It is an offence to demolish, in full or part, a building within a conservation area without planning permission. It is also an offence to fail to comply with conditions attached to a permission. *Conservation Area Consent has been absorbed into planning permission whilst the “Shimitzu” judgement has been reversed and now partial demolition requires permission. Also it would appear that the size restriction on what needs permission (currently 115 cubic metres) has been omitted.*

Appendix 2 - Detailed explanation and comments regarding Protection of World Heritage Sites Consultation Paper

Consultation Document on the Protection of World Heritage Sites Notes and Comment

Introduction

The consultation document on the Protection of World Heritage Sites has been produced by the Department of Communities and Local Government. Its purpose is to seek views on measures to enhance protection for World Heritage Sites (WHS). These measures were first proposed within the White Paper 'Heritage Protection for the 21st Century' produced by the Department of Culture Media and Sport in 2007.

The measures fall into two categories. The first is a draft planning circular on WHS, whilst the second is to classify WHS as Article 1(5) land, which is the same as a conservation area. Supplementary are a few minor controls and notes on guidance.

Measure 1 Draft Planning Circular on World Heritage Sites

The Planning Circular seeks to re-enforce and expand upon existing protection advice and formalise working practices. Its main points are:

1. **The Current Planning System:** The planning system should be used to make sure that the outstanding universal cultural value of WHS are considered at all levels and processes of the planning process. At national, regional and local levels policies affecting WHS sites should actively consider the protection of a WHS, its buffer zone and its setting. When considering planning applications or consents for a WHS, its buffer zone or its setting, the preservation of its outstanding universal character should be a key material planning consideration.

Comment: Such policies exist with the current local plan, but these will need to be reconsidered in light of the change to a unitary council and the new local development framework. The Heritage and Design section will need to lead on all matters relating to the WHS in relation to the planning process, with close consultation with the management committee of the WHS.

2. **Call-in Procedures:** A local planning authority must refer any planning or listed building consent application to the relevant Secretary of State where it is minded to grant permission and where English Heritage have objected to the proposal on the grounds that it will have an adverse impact on the WHS, its buffer zone or setting.

Comment: This measure strongly reinforces Central Government's commitment to the protection of WHS whilst bringing in an arbiter between a local authority and English Heritage.

3. **World Heritage Site Management Plans:** WHS site management plans should be produced for each site in line with English Heritage Guidelines.

Comment: A management plan was produced for the Durham WHS in 2006. It is a comprehensive document developed in accordance to UNESCO recommendations. Its

action plan is periodically updated, while the plan itself is reviewed in the light of guidance from English Heritage and will be updated in 2011.

The management plan has been developed through a collaborative effort with WHS stakeholders. This has been a worthwhile and mutually beneficial process, however, it is also one that has required a considerable financial and administrative commitment by all the parties involved.

The management plan needs to be adopted by DCMS not only as a document to protect World Heritage Sites, but also as an opportunity to develop tourism marketing strategies, and educational opportunities related to WHS, thus helping local communities benefit from the implementation of the plan.

- 4. The Consideration of Setting and Buffer Zones:** The setting of a WHS should be a key consideration in the successful protection regime. The document strongly advises the creation of a buffer zone in line with UNESCO Operational Guidelines. Buffer zones are the immediate areas adjoining a WHS that are protected through planning policies. The establishment of a buffer zone requires ratification first from the Department Culture Media and Sport and the International World Heritage Committee.

Comment: The support of a buffer zone and setting are notable developments towards thinking of WH Sites in terms of their value as cultural/natural environments, and not just as a group of monuments.

The buffer zone and setting of the Durham WHS is considered within the local plan and a draft LDF document. However it is clear that the definition of setting for the Durham WHS needs to be clarified further. There is no buffer zone for Durham's WHS though options for the definition of a buffer zone are considered within the WHS management plan. However, these options all lie within the boundaries of the City Centre Conservation Area, and are therefore currently subject to protection.

The formal definition of a buffer zone for the Durham Site and its incorporation into local development plans, will probably only take place following the transition to a unitary council next year.

The issue of the site's setting as a broader zone of protection than the buffer zone needs to be made clear, and enshrined in the emerging City Council Local Planning Documents to ensure that the challenges of preserving the WHS' setting can be dealt with as needs arise, rather than being limited to a set number of pre-determined views.

Measure 2 Controlling Minor Incremental Change

1. Article 1 (5) land: Minor physical changes to buildings and structures within a WHS can make a strong accumulative impact on its overall appearance. Consequently it is proposed to make a WHS Article 1(5) land, which will restrict certain classes of permitted development to the same level as a conservation area. These classes of development can be further restricted through making an article 4 direction.

Comment: The Durham WHS site is already within a Conservation Area so this will make no direct difference. Consideration may be given to further restricting permitted

development rights through the making of an article 4 direction not only within the WHS but in its immediate setting.

However, the principle of preventing WHS from minor incremental change that could be damaging in the long run is commendable, and will have a positive bearing on other WHS, especially larger, urban sites.

Other Controls / Guidance

1. A WHS is classified as a 'sensitive area' when deciding whether an Environmental Impact Assessment is required. Design and Access Statements are required for planning applications within a WHS.
2. English Heritage Guidance notes on WHS protection have been produced. These notes expand upon the guidance and thrust of the draft planning circular and provide more detailed background information.

Summary

The Planning Circular is a welcome clarification of the Government's commitment to the preservation of WHS and makes up for the lack of statutory control that could have been provided in the draft Heritage Protection Bill that is currently going through Parliament.

It fundamentally supports the work of the City Council, its planning policies and all stakeholders involved in the management of the World Heritage Site. However it is clear that existing policies and guidance documents will need to be reviewed and the work and expertise built up with the creation of the Management Plan and Local Plan continued if the aims of the planning circular are to be met.

Appendix 3

Consultation Comments Draft Heritage Bill

Head of Cultural Services
Enquiries to: Tracey Ingle

Ref: ML/TAI/ PH450/
DCMS Draft Heritage Protection Review Cons

27 June 2008

Mr A Lewis
Heritage Protection Review
Department for Culture, Media and Sport
2-4 Cockspur Street
London
SW1Y 5DH

Dear Mr Lewis

Draft Heritage Protection Bill: Consultation Response from City of Durham Council

The Heritage and Design Section and I broadly welcome the draft Heritage Protection Bill. In its overall aspirations it will make fundamental philosophical and practical changes that can only strengthen heritage protection and reinforce the role heritage plays within society in the present and future. In a district such as the City of Durham, heritage in its many tangible and intangible forms plays a strong defining role within the life of its inhabitants.

We would support the response made by the Institute of Historic Building Conservation (IHBC) on behalf of numerous planning, heritage and architectural professional organisations. In particular we would wish to add our concern to the following:

- The absence of a legislative requirement for local authorities to provide the necessary technical and professional expertise to fulfil its extended duties under the new act. – *There are numerous resource implications associated with this Bill and whilst consultation with English Heritage and heritage amenity groups has been extended this will be insufficient to deal with an increase in an already heavy work load for local planning authorities. Furthermore the increased reliance on such consultation may lead to a reduction or downgrading of heritage services at the local authority level if all grades and classes of asset are to be consulted upon.*
- The absence of a section on Conservation Areas – *Conservation Areas are central to the conservation of the historic built environment especially in an historic city such as Durham. Not to include the draft legislation at this time within the Bill consultation document is a significant failing that undermines the validity of the consultation process. Whilst English Heritage's guidance notes on the bill are of some use, it is the wording of the bill that needs to be commented upon and scrutinised.*
- Special Local Interest – *We welcome clarification of a process for compiling 'local lists' but this is of little benefit if there is no accompanying planning restriction or guidance.*

In addition to the comments made by the IHBC we have concerns over a number of procedural points:

- Need for consent for repair (S.86) – *The current system works well when repairing listed buildings on a like-for-like basis. The fact that an owner does not have to seek consent encourages correct and regular repair. Requiring consent for repair penalises a conscientious owner and increases the local planning authority workload unnecessarily. Whilst Heritage Partnership Agreements will provide class consent for such works this will, presumably, only affect the larger buildings or sites not the owners of single or small-scale heritage assets, which form the majority of owners and the majority of the resulting case load. It is hoped that class consent system provided for in the Bill can be used to rationalise this new requirement. One potential advantage to this may be in the zero rating of VAT for repair works when consent may be seen, by the Inland Revenue, as sufficient evidence of a building improvement.*
- Need to notify English Heritage on all consent applications and to notify the national authority on all decisions to grant consent (S.100) – *We have serious doubts about how English Heritage will respond to this considerable increase in their workload and the potential delay to work on heritage assets caused by the need for further ratification. It is hoped that some degree of rationalisation is brought in here in line with current practice where the most sensitive assets trigger greater checks and input. Otherwise the system will become unnecessarily bureaucratic and cumbersome.*
- Need to consult English Heritage before taking heritage asset enforcement action (S. 130) – *We feel this is unnecessary when there is adequate expertise within a local authority whilst the added procedural layer may delay action when a quick response is required. Consultation with English Heritage on the more sensitive sites is a positive move and good procedure, yet on the mainstay of assets, such as the present stock of grade II listed buildings, this requirement just doesn't justify the time involved.*
- Need to consult English Heritage before issuing a preservation notice (S.174) – *Our concern is similar to that regarding enforcement action in that in the majority of cases such consultation is unnecessary and could delay action when time is crucial.*

Our concerns over the last four points arise from dealing with grade II listed buildings. The City of Durham District contains a relatively high proportion of Grade I and II* listed buildings yet grade II buildings still form a considerable amount of our caseload. The City of Durham Council, like most local planning authorities, has a close working relationship with owners of such buildings and it is this work that forms the bedrock of historic building conservation. The above points suggest that the draft legislation has not adequately considered the nature of this workload which is often relatively small-scale in scope and contained at a local level. Introducing extra procedural controls and time limits will undermine the relationship between local authority and owner for what in many cases, will be a 'best-practice' agreement. Considering that one of the aims of the draft bill is to stream-line the system these seemingly small points can significantly hinder that aim if further clarification and rationalisation is not forthcoming.

Yours sincerely

T. A. Ingle
Head of Cultural Services

Appendix 4 – Consultation Comments draft WHS Protection Circular

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Protection of World Heritage Sites, Consultation

I have reviewed the Consultation Document on the Protection of World Heritage Sites, and the English Heritage Guidance Note on the Protection and Management of World Heritage Sites in England. This has been with respect to the specific context of the Durham World Heritage Site and to the broader issues affecting World Heritage Sites in England in general. This letter and detailed review will be presented to the Council's Cabinet for information in September 2008.

I welcome both the draft planning circular on WHS which will re-enforce and expand upon existing protection, advice and formalise working practices. It will ensure that the outstanding universal cultural value of WHS are considered at all levels and processes of Planning. Furthermore, the classification of WHS as Article 1(5) land is welcome because this aims to enhance the current level of protection of WHS. Durham's Site already falls under this definition.

Durham is subject to local government review. The City Council is a demising Council, and the County Council will emerge as the Unitary Authority for the area. A review of WHS-related planning issues will only take place within the context of the Local Development Framework programme. This is itself currently under review by the emerging Unitary Council. It is seen as essential that the new Council recognise the role experienced heritage staff will play in the development of new policies in consultation with the WHS Management Committee.

Strengthening references in the circular to the important role of Local Authorities would assist in ensuring resources can be made available to support Durham's WHS in the future.

1. Key points of the circular include:

a) Call-in procedures whereby objections by English Heritage to proposals affecting a WHS will be presented to the relevant Secretary of State for adjudication.

b) The creation of a management plan for each WHS, as per UNESCO guidelines, in order to ensure that a strategy is put in place for each Site.

Durham has had a Management Plan since 2006; this is periodically reviewed and will be updated in 2011. It is acknowledged that the development of a Management Plan for the WHS was a worthy process, yet one that required significant initiative and commitment from the site's stakeholders, including the Council. The City Council have taken a lead role to build the stakeholder partnership that is now proving so fruitful. This local authority resource input does need to be acknowledged as the likely model for future Site inscriptions and funding made available.

The process of developing the management plan is an opportunity to think of Durham, (and, in fact, any WHS), in terms of conservation of an outstanding asset, but also in terms of tourism and socio-economic development.

c) The issue of creating a buffer zone for a WHS, and additionally, identifying a larger setting, also subject to conservation measures, is proposed by the planning circular as per UNESCO guidelines.

This is of prime importance. However, I hold the view that, what is required to deal with setting is much more than simply the freezing of a limited number of iconic views of a site but a broader system that effectively prevents any infringement on the physical or visual integrity of a WHS.

Greater assistance would be given by providing advice in the circular on the generic differences between buffer zone, setting and views.

2. The recognition that minor incremental change can have a major long term impact on a WHS (reflected in the proposed inclusion of WHS as Article 1(5) land), is very strongly supported. Although the Durham site lies within a Conservation Area and is therefore well-protected in this respect, the principle of preventing minor detrimental change is essential, and can have a huge impact on other WHS, their buffer zones and their settings.

3. I also support the Local Authority World Heritage Forum's call for the standardisation of terminology used in documents dealing with WHS, and ensuring that the contents of WHS management plans are incorporated into development plans to give them statutory weight. It also supports the view that local authorities have (and have had) a significant responsibility towards preserving WHS and that this needs to be recognised.

Yours sincerely

T. A. Ingle
Head of Cultural Services

Agenda Item 8(g)

Report to:	Cabinet
Date	3 rd September 2008
Reporting Officer	Director of Strategic Services
Contact Officer	Head of Legal & Strategic Services
Subject	Response to DCMS in respect of Lap dancing

Purpose

In June 2008, the Department for Culture, Media and Sport (DCMS) wrote to the Council expressing concern about the increase in establishments offering entertainment in the form of lap dancing and other adult entertainment. The Home Office, in conjunction with DCMS, is to consider whether more needs to be done to support local communities in this matter, and to enable them to do this, the views of local authorities were sought.

The DCMS have confirmed that the Licensing Act 2003 was not intended to legislate for *“matters of taste, decency or the moral and general appropriateness of any form of entertainment”* and they have recognised that the current regulatory regime around such entertainment does *“not go as far as some people would like to control the proliferation of lap dancing clubs and similar establishments”*.

The correspondence sought the views of local authorities on the issues relating to lap dancing and similar entertainment. Following consultation with the Licensing Panel and the Portfolio Holder with responsibility for Licensing, the response attached at Appendix 1 was submitted to the DCMS.

The Council has made recommendations to DCMS in its response, which can be found in the summary of the response at page one.

Recommendation

That the report be noted.

Information

City of Durham response to DCMS

Signature *Elizabeth Hall*

TITLE **Director of Strategic Services**

Date 19th August 2008

CITY OF DURHAM COUNCIL

CONTROL OF LAP DANCING ESTABLISHMENTS

Response of City of Durham Council to the consultation requested by Department for Culture Media and Sport on the 18th June 2008

The Council has considered the Minister's letter of the 18th June 2008. Consideration has been given to the content of the DCMS letter and other communications received on the subject from interested parties.

A summary is given with a more detailed reasoning and analysis following.

A. SUMMARY

This Council considers that

1. There are issues related to lap dancing and similar entertainment but these can be controlled by licensing legislation and that it is not appropriate to use the Local Government (Miscellaneous Provisions) Act 1982 (the 1982 Act)
2. Additional powers under the Licensing Act 2003 (the 2003 Act) can be provided for example:
 - 2.1 To make this type of entertainment a licensable activity in its own right to prevent it occurring without a specific formal application for it.
 - 2.2 To enable Councils to dictate the number of such establishments it is prepared to licence in a given area or areas.
 - 2.3 To impose conditions with respect to the availability or non availability of booth dancing.
 - 2.4 To provide a different locality test for objectors.
 - 2.5 To specify customer capacity and security levels in such premises
 - 2.6 To be able to reject an application if within a reasonable or even specified distance of for example Schools, Hospitals, Community Halls, Places of Worship, Youth Centres, residential areas.
3. Planning legislation is not appropriate as it deals with other issues the appropriate place for lap dancing is within licensing law.

B. DETAILED ANALYSIS

1. City of Durham Council, like all other Licensing Authorities, has been asked to comment on points raised by the Minister in his letter from DCMS dated 18th June 2008. The Council has also received correspondence from the public and other organisations supporting some of the concepts in the DCMS letter and to encourage greater control of lap dancing establishments.
2. The Council has a specific interest in this consultation as the Council's Licensing Committee granted an application that included lap dancing in August 2007. Local objectors took the decision to the Magistrates Court by way of appeal; the appeal was upheld in December 2007; the original applicant appealed by way of Judicial Review; the Judge on first review has rejected the application but not given any reasons therefor and the original applicant has not requested a hearing.
3. It is considered that the decisions of the Magistrates and the Administrative Court are wrong both in law and on the facts applicable to the case. It is very noticeable that all the recent correspondence received on the subject from interested bodies, from original objectors, another decided case (the Thwaites case), and the DCMS letter itself, would suggest that in fact the initial grant of the licence was correct in legal terms.
4. Every aspect of the impetus against lap dancing is clearly on a moral basis. That is not intended to be a criticism of the objectors but to stress that they have no alternative than to dress up objections to try to bring them within the 2003 Act. Unfortunately the "dressing up" cannot bring it within areas where, simply because the entertainment is of a sexual nature, the licence has to be refused. The DCMS letter itself states the Act "**was never intended to provide an independent source of regulation on matters of taste, decency or the moral or general appropriateness of any form of entertainment**". An endorsement of the current position in that such licences generally have to be granted.
5. It is apparent that Parliament decided to specifically exempt this as sexual encounter entertainment from the 1982 Act. This indicates there must have been discussion, debate and consideration of the subject before doing so. Government has clearly not chosen to outlaw the activity, regardless of how it is licensed.
6. Further, most do not seem to be aware that to have lap dancing as a form of entertainment **does not need a licence under the Licensing Act 2003**, nor currently of course under the 1982 Act. It is not a licensable activity in its own right. This means that a Premises Licence can be applied for and granted that includes regulated entertainment (dancing) and if the proprietor at a later date decides the dancing will be lap dancing there is no necessity to ask for a variation of the licence.

The Council is aware that some Licensing Committees have considered imposing conditions on the grant of licences to prevent lap dancing but considers this to be of dubious validity as lap dancing itself is not an illegal activity and such a condition could be classed as an unlawful restraint of trade. In the interests of fairness it would have to be a condition imposed on the grant of every licence and such a policy would be open to an easy and successful challenge.

It follows that with the “Durham decision” referred to at paragraph 2, the applicant would not have needed to apply if he already had dancing as a form of regulated entertainment on his existing licence.

7. The Councils Licensing Committee is not happy with having to comply with a law that permits this sort of entertainment without any effective say in it. The Council feels hampered in trying to serve the community as it should be doing.
8. On the other hand, whilst there are many objectors to this entertainment and widespread publicity has been given to these objections, the Council is not aware of any such venues throughout the country presenting problems and it is believed the police will acknowledge that generally they are the better run premises. Indeed such venues tend to be subject to more stringent conditions, with lower capacity, higher prices, advertising controls and higher regard to security and safety.
9. Whilst it is not intended to say the Council supports these establishments, in all areas of debate it has to be accepted that it is not an illegal activity and there are undoubtedly many other members of the public who have no concerns about it. (Could it be a silent majority? We do not know). The difficult balance is trying to satisfy all.
10. Currently therefore objectors wrap up objections around the licensing objectives, basing them on conjecture and perception when there is no evidence to support them.

A recently decided case (Thwaites v Wirral Borough Magistrates Court – 2008) says that evidence needs to be produced if one is to allege breaches of the objectives.

It is noted that the Annex A of the DCMS letter in particular acknowledges that Licensing Authorities cannot reject an application just because of the type of entertainment to be provided and grounds to do so must be pursuant to the Licensing Objectives.

11. It is therefore difficult to see how there can be objections based on lap dancing breaching the objectives when it is not itself a licensable activity, there is no evidence to show a breach of the objectives and an applicant can simply change the type of dancing after a licence has been granted.
12. There is also a problem in that Licensing Authorities are being asked for opinions on the subject, to say if they object to this entertainment, but if an Authority does so it runs the risk of allegations of pre-determination when it has to consider an application. The Licensing Committee acts in a quasi judicial basis.
13. Parliament, with the 2003 Act, put Councils in a difficult position. Parliament ruled out taking account of moral views and effectively has left Licensing Authorities with no alternative than to grant an application where the entertainment may be of a sexual nature.
14. There cannot be anything wrong with elected members being allowed to take on board the moral views of their public but this is not permitted and it is clearly not endorsed in the DCMS letter.

15. It has to be acknowledged though that there are still difficulties in taking on board moral views. A balance is needed. Those with moral views may be more vociferous than other objectors. A committee needs to consider that there may be others who do not object.
16. All that has unfolded therefore, since this subject came into the public arena, is that the 2003 Act has not properly dealt with the subject and that currently the mere fact that lap dancing will be the entertainment is not a ground to refuse an application. This is now apparently accepted and endorsed by those promoting changes.
17. Yet, why should elected members not be allowed to listen to the views of all on the subject and take them into account in arriving at a decision? There have to be standards in society to avoid degeneration and whilst it may not be permitted to reject an application on moral grounds, surely it should be right that on moral grounds a Committee has greater powers to impose specific conditions and take other factors into account?
18. The way the 2003 Act is drafted in any event makes it difficult to refuse applications unless there is evidence, which you often cannot have before the application is considered, for example, one cannot prove later hours for one club will contribute to noise if people are already out in the street.
19. DCMS requests the Council's view on the subject and there have been suggestions that changes should be made to bring lap-dancing under Schedule 3 of the Act 1982 as a sexual encounter establishment. Sexual encounter establishments were not part of the original 1982 Act but added later and in relation to certain London Boroughs.

If a decision is made to bring this form of entertainment into the 1982 Act it appears an amendment to the 1982 Act will be needed for paragraph 3A of Schedule 3 to apply across the country and to remove the exemption in Schedule 3 paragraph 3A(d)(i) which appears to currently permit it if a Premises Licence has been granted under the 2003 Act.

This is evidence that Parliament has already considered this problem and decided to leave the subject out of the 1982 Act.

20. Supporters of using the 1982 Act often refer to it as the best medium for such licences but the procedure never appears to be outlined, nothing is said about what it involves so that the public can put the whole matter in proper perspective. The Council considers the implications of doing this are detrimental and will not answer the concerns of those who object to lap dancing.
21. It is pertinent to give a brief outline of what that procedure is, namely:
 - 21.1 Applicant completes form to apply for a licence and pays a fee.
 - 21.2 Applicant advertises the application within 7 days in a local newspaper.
 - 21.3 Applicant serves a copy on the Police.
 - 21.4 Applicant puts up a notice on or near the premises advertising the application and notice stays up for 21 days.
 - 21.5 Objections have to be in writing, giving grounds and be made within 28 days of the date of the application.
 - 21.6 Applicant is told of objections.

- 21.7 Authority considers objections and observations if any from police. If it is to refuse the licence the applicant (**but not it seems the objectors**) must be given the opportunity to appear.
- 21.8 Then much depends on what the policy of the Council may be.
- 21.9 The Applicant has the right of appeal to a Magistrates Court and it must be done within 21 days. There is a further right of appeal to the Crown Court.
22. The 1982 Act provides reasons for an Authority to refuse which are essentially:
- 22.1 the applicant (or proprietor of the business) is/are unsuitable;
- 22.2 there are already enough sex establishments in that locality (this presupposes that there is a policy to dictate the number – and nil is a number!); and, more particularly,
- 22.3 that it would be inappropriate, having regard to:
- the character of the relevant locality
 - the use of other premises in the vicinity
 - layout of the premises

These reasons do not help with lap dancing clubs as other than in exceptional circumstances the latter in particular would not hold water on appeal.

What is “relevant locality”? Many will argue that where such clubs occur, the night time economy, is a “relevant locality” in that entertainment is a natural part of it.

What is “vicinity”? Case law would seem to indicate that this is to be determined on a case by case basis, having regard to the specifics of the location. This in itself opens the Licensing Committee up to criticism as applicants and objectors have no certainty as to what the Licensing Committee will decide is in the vicinity.

What is the “use of other premises”? If commercial or if the club is night time only is use relevant except where the “other premises” may be predominantly residential?

The layout of the premises is unlikely to be a reason unless the applicant has been foolish enough not to heed guidance he would obtain from relevant services on the subject before applying.

If an Authority has a policy to say the number of establishments is zero then it must be for a specific locality or localities and it is arguable that a blanket ban would be considered an unlawful restraint of trade. It therefore has to carefully describe the locality and ought to provide satisfactory reasons as to why the restriction is imposed to avoid any challenge. That may be difficult if not impossible to do in some areas.

23. In addition Schedule 3 does give the right to set up standard conditions but these relate to hours, advertising, being able to see in. All matters that are currently covered by the 2003 Act but do not extend as far as those which can be dealt with by the 2003 Act?
24. **Note**, however, that the 1982 Act gives power to the Authority to simply override all this – paragraph 7(4), Schedule 3 – and **waive the need for any licence**. Some may argue that merely for lap dancing the need for a licence could be waived where there are

controls under the 2003 Act, which is presumably why premises licences under the 2003 appear to have been excluded from the requirements of the 1982 Act.

Is this not saying that Parliament has already thought all this through and allowed for it when the 2003 Act was passed?

25. Therefore City of Durham Council does not consider that merely bringing lap-dancing into the 1982 Act has any advantages but will create more confusion and concern; much more could be done to strengthen powers under the 2003 Act. To place it under the 1982 Act will expose weaknesses, or give rise to weaknesses, that ought not to be there. There are a number of reasons for this, for example:
 - 25.1 To come under the 1982 Act a Council has to formally adopt the Act. If it is has not then there is little it can do by way of control. (as well as amending the Act to ensure it covers areas outside London).
 - 25.2 It follows therefore that to have any effect under the 1982 Act the adoption provisions must be removed and it becomes mandatory.
 - 25.3 Having made it mandatory it will follow that a Council will need to have a policy agreed. But then can such a policy prevent what in law is a legal activity? If it did it is likely to be invalid. Some Councils do have policies that discourage, or say no to sexual establishment licences, but then say something like “each application will be decided on its merits”. That is really meaningless as it is no more than an attempt to say “no” to what is currently a legal activity. Parliament has already indicated it is not a “source of regulation on matters of taste.....”
 - 25.4 If it is argued that under the 1982 Act conditions can be imposed then we refer to the points raised above about conditions. All such can currently be imposed on a licence granted under the 2003 Act, and they are. Thus having the ability to impose conditions is already there.
 - 25.5 Under the 1982 Act the public have little involvement. **They are not it appears to be invited to any hearing.** The 2003 Act provides for open and proper public debate and is a good approach to licensing. It appears this was the intention behind the Act – give the public a greater say. They would not have that under the 1982 Act unless radical changes were made but such are not necessary if the 2003 Act is used and strengthened where necessary.
 - 25.6 With many decision making processes in local government they are made under delegated powers. There is nothing to stop delegations being such that an Officer may simply decide that, because an objection is clearly on moral grounds, and we cannot legislate for that, the licence is granted.
 - 25.7 Under the 1982 Act an Authority can simply **waive the need for a licence.**
26. The 2003 Act provides a system for improved and proper public input and consultation, though not perhaps as much input as interested parties may believe. Fundamentally it is a good concept to the granting of licences. Problems arise from its drafting. The Act currently fails as there is no provision for a Licensing Authority to refuse a licence on moral grounds and certainly not on the simple basis of the type of entertainment.

27. The 2003 Act applies the Licensing Objectives - representations must be made in line with those. That is not really possible when it is simply the type of entertainment that is objected to. The public are therefore restricted in what they can object to and the Licensing Authority in what they grant, despite their own concerns.
28. It has often been canvassed that sex and alcohol can give rise to problems, particularly when combined. The proposal by some therefore seems odd as it suggests that under one Act a licence to sell alcohol is given without regard to the entertainment provided and under another Act a licence to have sexual entertainment could be given with apparently little regard to the fact that alcohol will be sold. Surely it is better to keep this under one roof? It is surely far better for a Licensing Committee to be considering the alcohol sales and the type of entertainment at the same time, and what restrictions may be needed to be imposed, than to leave it to some other committee or officer under delegated powers.

Objectors to lap dancing have often made a big issue of the alcohol/sex connection. The 2003 Act could be made a better medium to control this.

29. If lap dancing comes under the 1982 Act who does what first? Presumably the applicant will apply for a provisional statement for a premises licence first as the fees for a sexual entertainment licence are generally much higher. It must be more logical to have the application considered as a whole.
30. The 2003 Act limits who are interested parties. In most cases we are looking at proximity, yet the nature of the entertainment may evoke wider concerns. There ought to be provision to take that into account.
31. Parliament should consider making the provision of entertainment of a sexual nature a licensable activity in its own right to avoid the back door method of applicants being legally able to include it after they have obtained a licence.
32. Currently a Licensing Committee may well be sympathetic to the concerns of objectors but it cannot adequately address them. It ought to be able to do so. The Committee should be able to take on board objections put before them even if they are on a moral basis.
33. It is better that Parliament considers enlarging the powers given in the 2003 Act and puts right some current deficiencies. Specifically with respect to venues providing sexual entertainment provisions could be put in place:
 - 33.1 to have greater regard to public opinion;
 - 33.2 accept representations from a wider locality and to have greater regard to the location of premises, perhaps for this type of activity have a defined distance for interested parties to "qualify"; why should people be unable to object because say they live more than 100 metres from the premises?
 - 33.3 to dictate conditions to apply with respect to proximity of Hospitals, Youth Centres, Schools, Community Centres, Parish Halls and Places of Worship;
 - 33.4 make it permissible to impose a condition that says "no private booth dancing" and/or restrict the number of booths;

33.5 to perhaps have the power to simply say “no” although it is acknowledged such could be difficult if not dangerous but at least a power to limit the number of such establishments even if it may otherwise be classed as a restraint of trade.

The 2003 Act is the best medium for this?

34. The problem faced is that no matter how much the issue is dressed up the concern being expressed by those seeking change is still the moral one and Parliament has not allowed for that. It seems to say it cannot but this Council is not convinced of that. Classifying lap dancing as a sexual encounter to bring it under the 1982 Act does not have any real advantages, yes conditions can be imposed but those conditions can be imposed under the 2003 Act and neither Act currently has any effective provision to say “no” to what is a legal business, purely on the moral issue. But surely there ought to be some ability to control moral standards in society?
35. How can elected members try to ensure young people in particular have good moral standards if they are not allowed to make decisions that would assist that?
36. Parliament needs to debate and decide whether such a power should be permitted. However, it is considered that adopting some of the above suggestions within the 2003 Act (and making other changes we suggest later in this submission) would give the public a greater say when applications arise but it still leaves decisions to be made facing moral objections and it would still seem that that alone cannot be a bar to the grant of a licence but at least there would be greater flexibility in accepting objections from the public and allow the public a greater say in such matters than they currently have. They would not have this input under the 1982 Act. They would not be hindered by having to bring objections within rigid inapplicable criteria.
37. Suggestions have been made that the power should be there to refuse an application. The 1982 Act provides that a Council can decide to have zero sexual establishments in a locality but as outlined above that leads to having to define “locality” and justify the policy and decision. It is suspected that in many cases it may not stand up on appeal and a more robust provision is needed. If the right to completely refuse is to be given it ought to be embodied in legislation and not left to individual policies.
38. The Council questions whether the right to simply refuse is right. It makes the entertainment illegal. Would not that drive it out of sight, into the back streets where it would be illicitly conducted by the unscrupulous, thereby creating the actual problems that people suggest may occur at present, but in respect of which there is no evidence that they do?
39. Lap dancing or table dancing is to some a form of entertainment and to ban it will create bigger problems. So far as can be seen those making representations on the subject are not seeking a ban but it is an aspect that needs to be considered in the debate even if it is dismissed for the reasons given.
40. If Parliament considers that wider control to Licensing Committees cannot be provided under the 2003 Act then the other medium to employ is planning legislation. Make it a user that must have a specific application to permit it and not one that falls under an existing Use Classes Order. Objectors can have a greater input in planning matters. However, planning law is not really the correct place for this and it currently permits

objections from a very wide field. It is a licence issue but Parliament could in any event make it a specific planning issue in addition. Consideration needs to be given to who can then object as it would be difficult if not impossible to deal with matters if anybody from anywhere in the country could turn up to object.

41. For the reasons stated therefore the Council considers that neither the 1982 Act nor planning legislation are the right media for this subject. As Parliament has given us the 2003 Act, and a mechanism to involve the public in licensing, it is better that it is accepted, built on and used more effectively and is the right location for any controls it considers are necessary for lap dancing establishments.

C. OTHER SUGGESTED CHANGES

Whilst the above deals with the Council's response to the specific consultation being undertaken by DCMS, there are further points the Council wishes to draw attention to where there are weaknesses or changes are preferable and, if changes are to be considered to the 2003 Act, then it would be opportune to tidy up other aspects as well, namely:

1. The Licensing Authority, i.e. the Council, should be able to make a representation in its own right. Currently an application that may look very bad has to be granted if there are no objections – the Council can not articulate its concerns if they do not relate to planning or environmental health issues. The Gambling Act 2005 makes the Licensing Authority a responsible authority but the Licensing Act 2003.
2. Permit the Licensing Authority to instigate a review and not to have to wait for an interested party or responsible authority to request one.
3. The lack of a requirement to notify a Parish Council of an application; this was there under the original legislation but is missing from the 2003 Act; it must be right for a Parish Council to have notification of applications as this is another avenue by which elected members can represent their constituency.
4. Permit a Ward Councillor to make representations on behalf of his or her Ward without having to qualify to do so by specifically representing those who themselves must be qualified to do so.
5. Consider proper definitions of "locality" and "vicinity".
6. Make lap dancing a licensable activity – see above.
7. Provide better advice to objectors; the Act was passed with Section 182 Guidance following it but it leads to confusion to have an Act and then another document saying how you are to interpret it and then yet a further document in the form of a mandatory local policy. Interested parties often find it difficult to appreciate that evidence has to be relevant to the licensing objectives and cannot be based on bias, prejudice or perceived fears.
8. Create a central database of Personal Licence Holders. A licensee could have two or more licences have one revoked and the issuing authority of the other may never know.

9. Better control over non payment of annual charges. It should mean a revocation of the licence if not paid within a certain period but at present all that can happen is the Authority sues for a debt due.
10. Provide for the applicant to state the anticipated maximum number of persons to be on the premises so that it becomes part of the licence.
11. There should be a requirement that applicants prove they have served, displayed and advertised all relevant notices. A provision that used to be there under the 1964 Act but omitted from 2003 Act but experience shows that not all applicants understand the importance of it and carry it out.
12. Reconsider the need for a Licensing Authority to have a Licensing Policy when there is the Act and the Guidance. Most Policies are very similar and cannot say anything significant as there is no power to do so.
13. Finally change the appeals process.

The current appeals process is poor, it is too limiting and is not appropriate for what is involved. Indeed the 1982 Act gives a different right of appeal.

The Licensing Authority has a peculiar status in the appeal process. Like other licensing appeals those under the Licensing Act 2003 are classed as fresh hearings. This then exposes the Licensing Authority to costs claims if new or additional evidence is brought that presents a different case. Consideration should be given to restricting appeals to only the evidence presented at the first hearing, and adding statutory support to the existing case law as to when costs orders can be made.

Under the Licensing Act 1964 Magistrates had fairly regular experience of licence applications. Now they have very little and it is a whole new procedure and concept. Consequently appeals are being dealt with by those with little or no knowledge or experience of the subject and whose legal advisors are similarly, by the nature of their job, lacking the in-depth knowledge that is required. This is evident already from the appeals that have been heard and the quality of judgements that have been issued.

The 2003 Act created some different and special concepts that need to be understood and appreciated. A better appeal system would be to have a Licensing Appeal Panel or Tribunal or Licensing Inspectorate made up of at least one or more experts in the field. This could cover all types of licensing – from taxis to entertainment.

The law has changed and evolved since many Acts were brought in but most of those deciding on licensing appeals have little or no experience of the subject. That is contrary to natural justice both for appellants and respondents.

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Agenda Item 8(h)

Report to:	Cabinet
Date	3 rd September 2008
Reporting Officer	Director of Strategic Services
Contact Officer	Head of Legal & Strategic Services
Subject	Application for continuation of City Status

Purpose

The purpose of this report is to confirm to Members that the Council has applied to the Ministry of Justice to protect the city status of Durham in the face of Local Government Reorganisation.

The Council was advised by the Department of Communities and Local Government that, for City status to be maintained through the Local Government Reorganisation, it would be necessary for an application to be made to preserve the royal prerogative through the grant of letters patent. This application needed to be made by the Council with the support of Durham County Council.

The Attached letter was sent to the Ministry of Justice. Officers will report on the progress of the application as and when it is received.

Recommendation

That the report be noted

Information

Attached letter to the Ministry of Justice

Clare L. Greenlay

Head of Legal & Strategic Services

18th August 2008



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Our Ref CLG/KL/10085

18th August 2008

Dear Miss Henshaw

Request for Transfer of Honours

By virtue of The County Durham (Structural Change) Order, SI 2008/493, an order made pursuant to section 7, 11, 12, 13 of the Local Government and Public Involvement in Health Act 2007, the City of Durham District Council will cease to exist on 1st April 2009.

The City of Durham Council (a demising Council in accordance with the above order) and Durham County Council (a shadow unitary authority under the above order) would like to ensure that Durham retains its city status and civic traditions post local government reorganisation on the 31 March 2009. This application is made by City of Durham District Council with the support of Durham County Council, confirmed by their email to you of 14th August 2008.

The City of Durham currently holds city status by virtue of ancient prescriptive useage. Archaeological evidence suggests that a settlement has existed at Durham since 2000BC. The present city was established in 995AD when monks from Lindisfarne chose the strategic peninsular as a fitting final resting place for the body of St Cuthbert. The church they founded developed into Durham Cathedral and still contains the remains of St Cuthbert and the Venerable Bede. Together with the castle (also built by the Normans) the site is designated a UNESCO world heritage site (one of the original 9 created in Britain).

In mediaeval times, Durham developed into a major centre of political and ecclesiastical power, mainly due to its strategic importance near the border with Scotland. The County of Durham was a palatinate, ruled by Prince Bishops who had secular authority and considerable autonomy from Westminster, minting their own coinage and maintaining their own army. Every Bishop of Durham from 1071 to 1836 was a Prince Bishop (with the exception of the first Norman appointed Bishop Walcher, who was an Earl Bishop).

The first recorded Charter in Durham was granted by Bishop Pudsey in 1179. Bishop Matthew's Charter in 1602 saw the creation of the Mayoralty and this tradition has survived to this day (with the exception of a period between 1770 and 1780 when no municipal elections were held).



In the 1830s, the University of Durham was founded. In 1835 the Municipal Corporation Act removed the final temporal powers of the Bishop over Durham. The area grew as a centre of the coal mining industry and the annual Miners Gala (which continues to this day despite the demise of the coal mining industry) was first held in 1871.

Durham City Council was created in 1974 by combining five previous administrative areas, including the borough of Durham and Framwellgate, which covered the original town centre. It was not subject to reorganisation in 1995.

Although Durham has attained city status by virtue of its ancient prescriptive usage, it is now necessary for this status to be confirmed and then enshrined in legislation. If this does not happen, when the City Council demises on 31st March 2009, the town's city status will apparently be lost.

As city status can only apply to a town, we believe that the new unitary authority for the County of Durham would not be eligible to hold city status on behalf of Durham. It is therefore necessary to consider in what body the letters patent could vest. Prior to the 1974 re-organisation, there was a borough of Durham and Framwellgate. This borough was not however fully parished and accordingly, there is currently no parish council covering the town centre which could hold the letters patent. As a consequence, the City Council considers that a Charter Trust should be established to safeguard city status (through holding the letters patent) and other civic traditions until such time as an appropriate body (such as a Town Council) is established. This is currently being explored with the Department for Communities and Local Government.

In conclusion therefore, the City Council is of the opinion that the City of Durham is an ancient city and that its city status and civic traditions are worthy of continuation by the granting of letters patent which can be vested in a Charter Trust to ensure that city status is not lost.

In the event that we can provide any further information which would be of assistance to you, please do not hesitate to contact me.

Yours sincerely



Clare Greenlay
Head of Legal & Strategic Services

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