THE MINUTES OF THE MEETING

WITH REPRESENTATIVES OF THE BUSINESS COMMUNITY

TO DISCUSS BUDGETS HELD ON TUESDAY 7 MARCH 2006

Present: **District of Easington**

J Johnson – Chief Executive
Councillor R J Todd – Deputy Leader
T Bell – Director of Finance and Corporate Services
R Prisk– Director of Regeneration and Development
D Temple – Head of Financial Management
J Hughes – Principal Accountant

East Durham Business Forum Steering Group

D Deery – Direct Mail
G Carter – Shredderman
I Byron – Powerdial
I West – Seaward
J Cunningham – BHK (UK) Limited
J Hare – Hare Contractors
S Harper – CCP Limited

P Rippingale - East Durham Business Service
R Spence – North East Chamber of Commerce

J Johnson, Chief Executive, welcomed everyone present and advised that the purpose of the meeting was to consult with representatives of the business community on the District Council's budgets for 2006/2007. A report had been circulated which summarised the General Fund budget for 2006/2007 and the Medium Term Financial Plan for 2006/2007 to 2008/2009.

T Bell, Director of Finance and Corporate Services explained that the Medium Term Financial Strategy and Three Year Financial Plan ensured the budgets were linked to Council priorities. For 2006/7 bids for growth had been considered against those priorities and legislative requirements. Paragraph 5.3 in the report outlined some of the key issues facing the Council in the medium term.

The majority of the Council's income was through Government grant and this had been increased by just under £2m, readjusted to make provision for new responsibilities including the introduction of a free fare scheme for pensioners from April 2006. This brought in an additional grant of around £1.6m. The settlement was for two years and for 2007/2008 a further £316,000 had been allocated. This was the first stage in a move to three year settlements from 2008/2009. The grant was considered fair and addressed some of the issues the Council was trying to tackle.

The budget took into account the revenue implications of a capital programme of around £17m.

He made reference to Section 5.4 in the report which highlighted areas of growth, where additional funding had been allocated. These included the extension of the

Street Warden Scheme, the appointment of Head of Customer Services and the Concessionary Fares Scheme.

The Council's overall budget was £17.048m, an increase of around £2.5m compared to 2005/6. The reserve position was strong at just over £4.212m. Whilst higher than the prudent level of £1.5m, there were a number of key issues facing the Council which brought significant risks in the short term, particularly in relation to the ALMO. Included in the budget was a contingency of around £600,000 to manage the short term risks and it was considered prudent to hold on to the reserves in the short term with a view to release when the risks abated.

A council tax increase of just under 2.5% was proposed for 2006/7 and 2007/8.

At this point, reference was made to planning issues referred to in the report and R Prisk, Director of Regeneration and Development, explained that the Government was keen to encourage local planning authorities to improve their performance and determine major applications within 13 weeks and household applications within 8 weeks. If those targets were exceeded then rewards were given. An additional amount was also awarded because of the District's level of deprivation. This reward was used to recruit staff and investment in improving enforcement.

T Bell proceeded to explain the efficiencies that had to be achieved within the next 12 months. The Government had imposed a target of £600,000 per year in efficiencies, with a target of £1.8m by the year ending 31 March 2008. Over the next year Service Heads would identify efficiencies within their Service Plans and coupled with the budget reductions identified in the 2006/2007 budgetary process, as outlined in the report, it was expected that the overall total would be exceeded. He advised that the amount set by the Government for efficiencies could be both cashable and non-cashable, for example, reducing sickness levels was deemed to be a non-cashable efficiency because it released capacity rather than monetary savings.

Reference was made to the contingency in the budget for the increase in energy costs of 10%. The Steering Group Members considered this to be low in view of the anticipated rises and asked if the Council had taken steps to fix energy costs with suppliers. T Bell acknowledged that there was a need to look at the Council's Energy Strategy, however, the North East Purchasing Organisation's approach was that committing to fixed prices would be too risky in the present climate. It was therefore proposed to monitor the market and try to buy into a tariff when the situation settled. Contingencies were in place for any increases.

In response to a question relating to the Concessionary Free Fares Scheme, the Director reported that over the last two months the Council had worked with other Districts and bus companies to look at available funding on a County wide basis with an aim of providing a Free Fare Scheme throughout the Region with effect from 1 April 2006. Negotiations were ongoing with the relevant authorities in relation to this.

In relation to external funding, J Johnson reported that the Council's overall track record in securing funding from external sources was good, NRF being the biggest funding stream. The LSP had agreed priorities, one of which was to increase the wealth of the District and 20% of the budget would be directed to business initiatives. A recent example of a scheme was the Business Centre which the Council had put £200,000 into. The Council would continue to seek opportunities to attract external funding.

Discussion ensued on issues affecting businesses. T Bell advised that the Government had recognised that local authorities were investing in economic development and had introduced the LA Business Growth Incentive linked to the business rate base. Easington expected to receive around £408,000 which would be ring-fenced for regeneration issues. This was to be treated as ‘a windfall’ at present but it was hoped that it would become a yearly award.

R Prisk, explained the Local Enterprise Growth Initiative (LEGI). The Treasury had issued a Consultation Paper about the National Neighbourhood Renewal Strategy which examined how enterprise could tackle poverty. £50m had been released this year with £100m next year and £150m the year after. Only 88 neighbourhood renewal authorities were invited to bid. The four Durham Districts had submitted a joint bid resulting in £10.2m awarded over the next two years with £31m over ten years. The resources available were around three themes:-

(i) Securing enterprise into deprived communities. Work would be carried out with various agencies within communities, together with a programme in schools to promote the value of working in smaller local companies;

(ii) work with existing businesses to help them grow and prosper, liaising with the ‘fastest 50’ to mentor emerging entrepreneurs. The aim of this was also to tackle barriers into work, and work with employers to encourage the employment of people with poor work records and help these people access employment more easily;

(iii) encourage inward investment by franchising linked to the District’s town centres.

These themes would be delivered through a partnership structure to ensure the worst 30% of communities across the four Districts were targeted.

Following discussion, the Members of East Durham Business Forum Steering Group were thanked for their attendance.

AGREED that the information given in relation to the District Council’s budgets, be noted.

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14 March 2006