THE MINUTES OF THE MEETING WITH REPRESENTATIVES

OF THE BUSINESS COMMUNITY

HELD ON 4 MARCH 2008 TO DISCUSS THE COUNCIL'S BUDGETS FOR 2008/2009

Present: **District of Easington**

J. Johnson - Chief Executive
Councillor P.G. Ward - Executive Member for Resources
T. Bell - Director of Finance and Corporate Services
R. Prisk - Director of Regeneration and Development
J. Hughes - Accountancy Manager

Business Representatives

R. Elliott - NTE Limited
J. Cunningham - BHK (UK) Limited
A. Gandy - Fusion
L. George - Fusion
N. Hardy - EDDA Board

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 2008/2009, together with the medium term financial projections for 2008/2009 - 2010/2011.

The budget document had been circulated prior to the meeting, together with a summary outlining the General Fund Budget, the Housing Revenue Account, Capital Programme for 2008/2009 and medium term financial projections.

T. Bell, Director of Finance and Corporate Services explained that as Section 151 Officer, he was required to report on the robustness of the estimates and the adequacy of the reserves for which the budget provided.

He explained that although the 2008/2009 budgets would be the final budgets for Easington, a three year approach had been adopted on the General Fund, Housing Revenue Account and the Capital Programme to give continuity and sustainability in the District for the period beyond April 2009. There were a number of programmes and initiatives of a medium term nature which were important to the communities and businesses of East Durham and resources had been set aside to finance their completion. It was hoped that the new Council would respect those plans whilst revising the priorities of County Durham as a whole and determining structures for the longer term.

The Council reviewed the medium term financial plan in December 2007 and had consulted with Durham County Council on this. He referred the business representatives to the medium term financial programme projections set out in Appendix 5 of the document circulated. He considered that the estimates for 2008/2009 were robust and that the financial reserves were adequate in the medium to long term.

In terms of growth, areas identified for additional resources totalled £486k of which £276k would impact on future base budgets. An increase in the cost of concessionary fares, the extension of the green waste strategy supported financially by Durham County Council and full year costs of an Empty Homes Officer appointed to tackle dereliction in private sector housing across the District would impact on future budgets.

The Council would exceed the Government efficiency target of £1.77m for the period 2005/2006 - 2007/2008, having achieved cash savings of around £2.5m. This had helped to keep Council Tax levels down and achieve cashable efficiencies of £360k which had been factored into the 2008/2009 budgets. From 2009 onwards efficiency strategies and assumptions would be aggregated across County Durham.

The summary circulated also provided information in relation to the use of reserves. £2.213m would be utilised in 2008/2009 to fund one off commitments and to complete committed programmed schemes and initiatives over the next three years.

In reviewing the use of reserves, the Council had ensured that committed schemes would be fully financed enabling completion without leaving a legacy of liabilities for the new authority. It was hoped that the new Council would respect this approach to continue beyond April 2009. The reserves had been committed in line with the Council's medium term financial plan. Details of the schemes were set out in the budget document circulated.

In response to a query from R. Elliott in relation to the use of reserves, T. Bell explained that as part of the review the Council had examined the level of earmarked and uncommitted reserves and considered the amounts required to meet the Council's revised priorities in the medium term whilst retaining a prudent reserve level of £1.5m.

The uncommitted General Fund balance at 31 March 2009 including the prudent balance was estimated to be around £3.4m. In terms of Council Tax levels, the increase for 2008/2009 was 2.5% which equated to £2.88 on a band A property.

Non-domestic rate poundages for 2008/2009 had increased by around 4% in line with the RPI index. This increase was imposed by the Government with District Councils being responsible for collecting the non-domestic rates from businesses on its behalf.

In response to a question from J. Cunningham in relation to this, T Bell advised that any refund due following overpayment of non-domestic rates would be met by H. R. Customs and Revenue who determined rateable values, not individual local authorities. J Cunningham was of the view that greater checks should be in place to ensure that rates levied were accurate at the time of issue. He continued that he considered that the current non-domestic rates were at a level that could discourage new investment into the area or the expansion of existing businesses.

T Bell continued that there were a number of risks affecting the base budget in the medium term which were outlined in the summary. These included below inflation increases in formula grant over the next three years and the need to seek Government assurances that the formula would not be adjusted once aggregated across the County at least during the period of the 2007 comprehensive spending review. Efficiency strategies would need to be re-assessed as part of the Local Government Review and there was a risk that the new Council may not adopt Easington's plans.

With regard to the Housing Revenue Account, T Bell explained that the rent increase for 2008/2009 was 4.5%, in accordance with the Government rent restructuring formula. This was above inflation but it needed to be applied at that level in order to maximise the subsidy position of the Council.

There were a number of key risks for the Housing Revenue Account and these were identified in the summary. Future subsidy arrangements currently under review by the Government were uncertain and the Local Government Review was likely to impact on the proposals and the plans of East Durham Homes, which was responsible for delivering the management and maintenance aspects of the housing services as well as housing capital improvement programmes. J. Johnson added that the delivery of housing services under the new arrangements from 2009 would present a challenge for the new Council as currently, each District Council delivered this service in different ways.

R. Prisk, Director of Regeneration and Development briefed the business representatives on the Capital Investment Programme for 2008/2009 and resource/ spending commitments in 2009/2010 and 2010/11.

He explained that the objective of the Capital Programme was to continue to sustain regeneration across the District. The plan was programmed over a three year period which would ensure that the regeneration process continued in East Durham beyond 1 April 2009, and that it was resourced.

The overarching aim of the Capital Programme was to achieve economic regeneration outcomes with a priority towards improving the quality of 'place' and land and property assets of the District, including maintaining the attractiveness of the District's two main town centres at Peterlee and Seaham. It also sought to secure improvements to properties managed by East Durham Homes in line with the decent homes standard and to ensure the environmental setting of the houses contributed to the creation of attractive and sustainable neighbourhoods, and aimed to promote housing led neighbourhood renewal schemes with associated environmental improvement activity linked to the improvement of communities.

The programme was reliant on capital receipts income which was dependent on land sales being achieved in a timely manner over the 2008/2009 period. The Capital Financial Regulations allowed the Council to retain 100% of capital receipts from land sales provided they were used to provide affordable homes through the housing company or to achieve regeneration benefits that served to bring unused and underused land and buildings into a productive use.

The budget document circulated provided details of how the programme would be resourced. The schemes proposed were based upon four themes; strategic sites and premises, physical renaissance, housing investment, and asset management and minor works. R Prisk briefly outlined the schemes, details of which were set out in the budget document provided.

A. Gandy asked if there were targets established with regard to population levels in Peterlee. R. Prisk responded that whilst there were no defined targets, the Council aimed to ensure that the upward growth in population continued through investment in the physical development and regeneration of the area. This would ensure the prosperity and sustainability of the town centre and it was hoped that this growth would then expand to neighbouring settlements.

J. Johnson briefly outlined the Local Government Review proposals. She explained that a Transitional Plan had been developed setting out ten key priorities the Council had agreed to focus on over the coming year, some of which had a life beyond 1 April 2009, the Vesting Day of the new Council. She briefly outlined the priorities, adding that for businesses, the Council aimed to ensure that local companies would continue to be supported beyond April 2009 within the District, with services that were sustainable and well - financed. The priorities also allowed regeneration activity to continue in the medium term.

In response to a question, she explained that in delivering the key priorities the Council was mindful that during this period it had a duty to continue to deliver it's vision and provide excellent services for it's residents. It was therefore 'business as usual' for the final year.

It was also important for the Council to be involved in shaping the new Authority. The Council was represented on the Implementation Executive responsible for discharging transitional functions until the elections in May 2008, when a newly appointed Executive of the new Council would take over for the remaining transition period. District Councils would continue to be responsible for delivery of their own services until 1 April 2009, whilst also being involved in shaping the new Council.

The Chief Executive thanked the business representatives for their attendance and contribution and it was **AGREED** that the information given in relation to the District Council's budgets for 2008/9, be noted.

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6 March 08