

**THE MINUTES OF THE MEETING
OF THE RESOURCES SCRUTINY COMMITTEE**

HELD ON TUESDAY 9 JANUARY 2007

Present: Councillors A Collinson, Mrs E M Connor,
S Huntington and R Taylor

Apologies: Councillors A Burnip and Mrs S Mason

DUE TO THE ABSENCE OF THE CHAIR AND VICE-CHAIR, NOMINATIONS WERE REQUESTED FOR A CHAIR FOR THE MEETING.

COUNCILLOR MRS E M CONNOR TOOK THE CHAIR

- 1 **THE MINUTES OF THE LAST MEETING** held on 12 December 2006, a copy of which had been circulated to each Member, were confirmed.
- 2 **THE MINUTES OF THE MEETING OF THE EXECUTIVE** held on 19 December 2006, a copy of which had been circulated to each Member, were submitted.

RESOLVED that the information contained within the Minutes, be noted.

3 **PUBLIC QUESTION AND ANSWER SESSION**

There were no members of the public present.

4 **BUDGET FRAMEWORK 2007/2008 AND THE MEDIUM TERM OUTLOOK - 2007/2008 – 2009/2010**

Consideration was given to the report of the Director of Finance and Corporate Services which outlined the background and approach to the Council's budgets for 2007/2008 and the Medium Term Financial Forecasts for the period 2007/2008 – 2009/2010. In addition the report outlined details of the council tax and rent proposals for 2007/2008, a copy of which had been circulated to each Member.

Members were advised that the Council's budget at the end of October was broadly in line with expectations and showed a surplus of around £123,000. This took account of in year issues, which had been managed within current budgets and were valued at £166,000. Indications for 2007/2008 was that balanced budgets would be set for both the General Fund and Housing Revenue Account (HRA) with minimal use of reserves.

In cash terms the Council received £282,000 (2.4%) in additional grant for 2007/2008. The settlement amounted to £12.011M which following adjustment of £35,000 was less than that notified last year.

In agreeing the budgets for 2006/2007 it was proposed that the council tax increase of 2.5% should apply for two years. The increase was below the current level of inflation of 3.6% and equated to around £4.22 per annum on a Band D property, and £2.82 on a Band A.

Details of requests for additional resources, valued at £399,000, were outlined in Appendix 2 to the report.

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The Medium Term Financial Plan was reviewed at the half-year stage and took into account emerging issues from the 2007/2008 budget process. Following corrective action and a budget efficiency process, which realised around £240,000, the position had stabilised and reductions would not affect service delivery. Reserves were relatively strong and would be reviewed as part of the budget process.

Following the 2004 Spending Review the Government set the Council an efficiency target of £1.77M over three years.

Members were advised that the Capital Programme was being developed and further proposals were expected. To date the authority had been notified that the HRA Major Repairs Allowance would be around £5M with housing supported borrowing of around £1M in line with that notified in 2006/2007.

The draft housing revenue subsidy settlement was better than anticipated but final figures were still awaited. The HRA would be balanced for 2007/2008 but within the budget a rent increase of just under 5% was proposed in line with government assumptions and rent restructuring.

It was explained that the provisional settlement confirmed the Government's intention to make no changes in the second year of the multi-year settlement in that the figures for formula grant were broadly in line with those announced in December 2005. Although the headline increase for the Council was 2.7% the actual cash increase was £282,000 or 2.4%.

There had been no change to the system based on four blocks of cash.

Each authority's cash allocation was based on the total of its allocations across the four blocks. The calculation of the block allocations being based on the formula spending share calculations, population, tax base and the damping mechanism.

The minimum headline increase for all authorities for 2007/2008 was fixed at 2.7%. The authority were in receipt of the minimum grant increase and in effect received £177,000 from the damping mechanism.

The Government had again prioritised education and social services ahead of services such as those delivered by districts in the environmental, protective and cultural services block. Although the Government claimed to have increased spending by 39% since 1999, for services other than schools the increase in real terms was 14%.

A half yearly review of the Medium Term Financial Plan was reported to Executive in November 2006 and consideration was given to issues emerging from the 2007/2008 budget process, issues facing the Council included: -

- comprehensive spending review
- concessionary fares
- economic outlook
- pension costs
- externally funded posts
- East Durham Homes

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- supporting people
- investment income

The budget proposals for 2007/2008 were based on priorities identified in the Corporate Plan and Service Plans.

The budget had presented significant challenges, however a balanced budget for 2007/2008 was proposed which included the following financial issues, details of which were outlined in the report.

- areas identified for additional resources
- estimated cost pressures
- council tax proposals
- financing the proposals

The Council was currently reviewing the Corporate Plan, which set out the Council's objectives over the next three years and provided a planned approach. The Medium Term Financial Plan would be shaped to support this plan.

When the financial projections were reviewed in the light of issues emerging from 2007/2008 a shortfall of around £1.1M was identified. This position had since been managed and the medium term position going into 2007/2008 was outlined in the report.

Although the medium term position showed a deficit of around £750,000 in year 3, this sum would be manageable in the longer term. In the short term reserves were strong and would provide the time necessary to manage the situation.

If the proposals outlined in the report were agreed the 2007/2008 budget would be balanced and the Medium Term Financial Plan would be manageable for the period 2007/2008 – 2009/2010.

In relation to the Capital Programme the Director of Finance and Corporate Services outlined the main issues.

With regard to the HRA 2007/2008 further work was still required but emerging issues included the subsidy position, proposed rent increase and other issues, details of which were outlined in the report.

RESOLVED that the information given, be noted and the proposals be submitted to Executive and Full Council.

5 COMMUNICATION AND PUBLICITY

There were no items to report.

6 ADDITIONAL URGENT ITEM OF BUSINESS

In accordance with the Local Government Act, 1972, as amended by the Local Government (Access to Information) Act 1985, Section 100B(4)(b) the Chair, following consultation with the Proper Officer, agreed that following item of business, not shown on the Agenda, be considered as a matter of urgency.

PRIOR TO CONSIDERATION OF THE FOLLOWING ITEM OF BUSINESS, COUNCILLOR A. COLLINSON DECLARED A PERSONAL AND PREJUDICIAL INTEREST AND LEFT THE MEETING.

7 COMMUNITY CENTRES (AOB)

Consideration was given to the report of the Head of Asset and Property Management which provided an update on the development of a property strategy for Community Centres, a copy of which had been circulated to each Member.

Members were advised that specialist feasibility studies had been undertaken for each centre by independent consultants. The centres under consideration were Thornley, Deaf Hill, Seaton, Hesleden and Eden Lane.

In general the findings indicated that the majority of the buildings should be retained. However, prior to significant investment the consultants had recommended that the Community Development Team work with the Community Associations to develop business plans and implement action plans to demonstrate that the correct services were being provided and they could demonstrate long-term viability. A breakdown of the key findings were attached at Appendix 1 to the report.

A separate consultancy firm were appointed independently by Eden Hill Community Association to consider the centre at Eden Lane. The findings of this report had been supplied to the District Council. Although the Community Association felt that the study was not as positive as they would have hoped, the findings would be considered when developing future community facilities in North Peterlee.

It was essential that each centre was considered on an individual basis with a separate report detailing findings and recommendations which would be presented to Executive. A Steering Group would consider each centre over the forthcoming months and recommendations would be made before the end of the financial year.

Once the final recommendations were approved it would be necessary, in conjunction with the Head of Regeneration and Partnerships, to source a package of funding which may include bids to external sources, but may also require a submission for money through the Capital Programme.

RESOLVED that the information given, be noted and further developments be awaited.