

**SEDGEFIELD BOROUGH COUNCIL  
CABINET**

Conference Room 1,  
Council Offices,  
Spennymoor

Thursday,  
13 January 2005

Time: 10.00 a.m.

**Present:** Councillor R.S. Fleming (Chairman) and  
  
Councillors Mrs. B. Graham, A. Hodgson, M. Iveson, K. Noble,  
J. Robinson J.P and W. Waters

**In Attendance:** Councillors Mrs. B.A. Clare, Mrs. K. Conroy, V. Crosby, G.C. Gray,  
D.M. Hancock, J.E. Higgin, G. Morgan, A. Smith, Mrs. I. Jackson Smith,  
T. Ward and J. Wayman J.P

**Apologies:** Councillors Mrs. A.M. Armstrong and D.A. Newell

**CAB.129/04    DECLARATIONS OF INTEREST**  
Members had no interests to declare.

**CAB.130/04    BUDGET FRAMEWORK 2005/06 (KEY DECISION)**  
Consideration was given to a report setting out a budget framework for 2005/06, after taking into account the Government's proposed settlements in relation to Revenue Support Grant (RSG), Housing Subsidy and Capital Allocations. (For copy see file of Minutes)

It was explained that the Council had received notification that subject to minor changes, it would receive £7,580,450 of external government support for 2005/06, an increase of £226,043 on the 2004/05 figure. The settlement included an award of £25,000 for civil contingencies (emergency planning), which meant that the net increase in grant was £201,043 – a year on year increase of 2.7%. The increase was relatively small considering the financial pressures facing the Council through pay awards, pension costs, insurance premiums and in meeting the cost of improving key services.

The Council was nevertheless in a strong financial position, with real resources available for service growth in key priority areas in accordance with its approved Corporate Plan. The growth would be largely funded from additional investment income, which would be generated from significant capital receipts receivable by the Council. The receipt of the monies could however be affected by external influences and therefore, the Budget Framework was, at present, still subject to the risk assessment detailed in the report.

It was explained that as protection of the environment, the standard of street cleansing and ground maintenance continued to be key concerns of residents, budgetary provision for those services had been increased by £242,000 or 6.5% in addition to inflation for 2005/06. Additional budget provision of around £118,000 or 22.5% in addition to inflation, had also been made available to the Community Safety portfolio to enhance the Neighbourhood Warden Service and to tackle domestic violence issues in partnership with other agencies.

Specific reference was made to the additional resources of £50,000 that had been provided to support the promotion of equality and diversity, in particular the appointment of a Corporate Equality and Diversity Officer.

Reference was also made to the major changes to the Standards Framework for Members that enabled the Standards Board to refer cases to the Council's Monitoring Officer for investigation. The change would obviously involve expenditure, however the amount could not be accurately quantified as the number of referrals was unknown. A contingency provision of £50,000 had been made. It was, however, anticipated that reflecting the national position, 50% of the complaints would relate to Parish and Town councils, and £25,000 would be recovered from those authorities.

It was also pointed out that discussions were still taking place regarding the funding arrangements for the Sedgefield and District Advice And Information Service and the level of contribution to be received from the National Railway Museum in respect of the running costs of 'Locomotion'.

It was explained that wherever possible, service growth had been front-loaded into 2005/06 financial year, which meant that there would be little scope for additional spending in later years. Furthermore, in accordance with the Council's medium term financial strategy, all areas of Council spending were expected to achieve efficiency savings over the next few years. By the end of 2007/08 efficiency savings, totalling £500,000 needed to be achieved, to maintain spending levels and keep council tax increases low, as the use of the budget support was withdrawn.

Members' attention was drawn to the target budget figures detailed on Page 4 of the report. It was pointed out that the increase in net spending was significantly offset by the increase in investment interest earned. After adjusting for the additional income, actual spending on Borough services would increase by £1.9M or 16%. Notwithstanding this significant increase in spending, it would be possible to restrict the Council Tax increase to 3%. This would mean that a Band A taxpayer would only pay an extra £3 per year, or 7p per week.

With regard to the Housing Revenue Account (HRA) members were reminded that its structure had changed significantly in recent years with the introduction of Supporting People Grant for Carelink services,

rent restructuring and the removal of rent rebates from the HRA.

It was explained that as a result of further refinements made to the way in which management and maintenance allowances were derived, Sedgefield Borough's management and maintenance allocations were set to increase by a further 20%, supplementing the increases received in 2004/05. The Major Repairs Allowance had increased by 2.3% from £4,923,000 to £5,037,000. The level of assumed rent increase contained in the subsidy settlement was 4.03%, which would increase the average base rent, prior to changes for rent restructuring, by £1.97 per week over 47 weeks.

Members were informed that in 2004/05 the HRA was in a negative subsidy position, which meant that the Council was required to make a payment of £3.3m to the Government to be redistributed nationally to other housing authorities. The subsidy settlement for 2005/06 following the changes to the management and maintenance allowances would result in the Council's contribution to the national pool falling by 40%, allowing approximately £1.4m resources to be released into the HRA. In addition, the HRA contribution to the General Fund for spending on rent rebates would fall by £185,000, which meant that total additional resources of around £1.585m would be available.

Members' attention was drawn to the spending plans detailed on page 6 of the report.

It was pointed out that in preparing both the General Fund and Housing Revenue Account initial budgets, the assumption had been made that the proposed transfer of the housing stock under LSVT arrangements would have a cost neutral impact in 2005/06.

With regard to the Council's capital spending programme, it was reported that the allocations from the Government for 2005/06 in relation to Major Repairs Allowance, Credit Approvals/Supported Borrowing, Disabled Facilities Grant and IEG grant amounted to £6,043,000, compared with £6,110,000 for 2004/05. In addition to capital allocations, the Council had access to capital receipts from the sale of land and property and revenue contributions (housing). Total capital receipts available for 2005/06, including £1m unused from 2004/05, were forecast to be £3.431m. It was anticipated that not all of the resources would be required to finance the capital programme, enabling funds to be carried forward to support commitments in future years. Members were reminded that the Council had agreed to make 100% receipts from housing land available to meet the regeneration and affordable housing initiatives.

The total level of capital spending proposed for 2005/06 was £15,800,000 of which £7 million could be spent on housing and £5 million on special regeneration projects. Details of the proposed target spending limits were set out in Appendix 1.

The Council's three Overview and Scrutiny Committees would be fully

consulted on the budget proposals in accordance with the timetable agreed by Cabinet on 23<sup>rd</sup> December 2004. In addition, a series of Council Tax Focus Groups would be held during January. Similarly, the Residents' Federation and the Tenants' Housing Services Group would be consulted on all aspects relating to the Housing Revenues Account.

- RESOLVED:*
1. *That the Budget Framework 2005/06 be approved, subject to further negotiations with external organisations with regard to revenue contributions.*
  2. *That consultations be undertaken in accordance with the timetable previously published.*

---

**ACCESS TO INFORMATION**

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Gillian Garrigan, on Spennymoor 816166 Ext 4240

**PUBLISHED ON 14<sup>th</sup> JANUARY 2005**

**The key decisions contained in these minutes will be implemented on Monday 24<sup>th</sup> January 2005, five working days after the date of publication, unless they are called in by five Members of the relevant Overview and Scrutiny Committee in accordance with the call-in procedure.**