

Item 5a

REPORT TO CABINET

17TH FEBRUARY 2005

REPORT OF DIRECTOR OF RESOURCES

Portfolio: RESOURCE MANAGEMENT

BUDGET FRAMEWORK 2005/06

1.0 SUMMARY

- 1.1 Cabinet at its meeting on 13th January 2005, approved a budget framework for 2005/06 upon which the Council's three Overview and Scrutiny Committees and Council Tax Focus Groups were to be consulted in accordance with a timetable previously approved.
- 1.2 The consultation period has now ended and this report summarises the views expressed by the various consultees. Having considered these views and, in the light of the final grant settlement, Cabinet will be required to make recommendations to Council regarding the final Budget Framework for 2005/06.

2.0 RECOMMENDATION

- 2.1 That, following consideration of the views and comments set out in this report, Cabinet makes recommendations to Council in regard to the Budget Framework 2005/06.

3.0 BUDGET FRAMEWORK 2005/06

3.1 Feedback from Overview and Overview and Scrutiny Committees

- 3.1.1 The recommendations made by the Overview and Scrutiny Committees are set out in Appendix 1.
- 3.1.2 Overview and Scrutiny Committee 1 approved the budget proposals for Resource Management, Performance Management and Welfare and Communications portfolios.
- 3.1.3 Overview and Scrutiny Committee 2 considered the budget proposals in relation to Culture and Recreation, Housing and Supporting People portfolios. Members queried the decision to close the swimming pool at Thornhill Gardens, Shildon and after discussion it was concluded that the matter should be referred back to Cabinet with a request that the decision to close the pool be reconsidered. The Committee also expressed concern at the proposed removal of the budget provision for the Mobile Skate Park and requested that this be reconsidered. Specific reference was also made to the grant, which the Council provides to Sedgfield Advice and Information Service (SAIS). It was pointed out that at its meeting on 30th November, 2004 Overview and Scrutiny Committee 2 had agreed that the Council should continue to fund the SAIS. During the discussion on this

issue, Members considered the recent recommendation of Cabinet that discussions should be held with SAIS with a view to reducing the contribution because of the implications of continuing to part-fund the grant from the Housing Revenue Account. Members discussed what level of funding should be provided for 2005/06 and felt that this should be maintained at the current level. Subject to the aforementioned issues, the budget proposals in relation to the three portfolios were otherwise supported.

3.1.4 Overview and Scrutiny Committee 3 approved the budget proposals for the Regeneration, Environment and Community Safety portfolios.

3.2 Feedback from Council Tax Focus Groups

3.2.1 Consultation was held with Council Tax Focus Groups during December and January. The Council's market research consultant – Norma Wilburn Associates, has independently prepared a detailed report and Executive Summary. The Executive Summary is attached at Appendix 2.

3.2.2 As set out in the report, the main aim of the consultation was to:

- Review the key financial issues faced by the Council and to consider the Medium Term Financial Plan;
- Seek views on the importance and prioritisation of Council services;
- Consult on key changes proposed in the Budget Framework, together with the overall Council Tax increase.

3.2.3 Overall, 78% of the participants felt that the Council's proposed spending plans addressed most or all of the issues that they thought were important. When asked to explain their answers the majority accepted that the Council had to meet a variety of priorities, for different ages and for different areas of the Borough.

3.2.4 There was strong support for the budget proposals for individual portfolios, where agreement was around 80%. In terms of the Council's overall budget proposals nearly 85% of respondents agreed with the Council's budget proposals. The participants were complimentary about the Council's efforts to prioritise services, manage the budget and also keep the budget increases low. The target of 'regeneration through economic development' was perceived as the 'highest' priority for the Council. In second place was 'street cleansing', followed by 'waste recycling'.

3.2.5 Once again, in terms of further developing the Council's Corporate Plan and Medium Term Financial Plan, the consultation was an extremely valuable exercise. The views of the participants will be useful when finalising and publishing the Council's plans over the coming months. The organisation and operation of the consultation exercise was strongly supported by the participants, with a high level of satisfaction in the way that information was supplied and presented.

3.3 Feedback from Resident's Federation and Housing Services Focus Group

3.3.1 Consultation with these groups has been on an ongoing basis throughout the year. All key strategies and operational issues have been fully discussed and the Budget Framework for housing reflects views expressed through this process.

4.0 RESOURCE IMPLICATIONS

4.1 Scrutiny Committee 2 has made a number of comments that could have implications for the Budget Framework 2005/06 and Cabinet will need to make firm recommendations in regard to these comments. The key elements of the draft Budget Framework approved by Cabinet on 13th January 2005 are attached at Appendix 3 for information. Full details of the 2005/06 budget will be set out in the final budget report to Special Council on the 25th February 2005.

5.0 CONSULTATION

5.1 Consultation on the Budget Framework 2005/06 has been comprehensive as indicated in the report.

6.0 OTHER MATERIAL CONSIDERATIONS

6.1 There are no other significant material considerations arising from the recommendations contained in this report.

7.0 OVERVIEW AND SCRUTINY IMPLICATIONS

7.1 Full consultation and engagement has been undertaken with all three Overview and Scrutiny Committees and the implications for the Budget Framework 2005/06 have been noted in the main body of this report.

Contact Officer: Brian Allen (Director of Resources)
Telephone: 01388-816166 ext. 4003
E-mail: ballen@sedgefield.gov.uk

WARDS

All

BACKGROUND PAPERS

1. Final Revenue Support Grant Settlement, Housing Subsidy Settlement and Capital Allocations received from the Office of the Deputy Prime Minister.
2. Feedback from Consultation.
3. Budget Framework 2005/06 Report to Cabinet 13th January 2004.

Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Councils Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**CONSULTATION WITH OVERVIEW AND SCRUTINY COMMITTEES ON
BUDGET FRAMEWORK 2005/06**

**OVERVIEW AND SCRUTINY COMMITTEE 1 HELD ON TUESDAY, 25TH JANUARY
2005**

**'RESOURCE MANAGEMENT, PERFORMANCE MANAGEMENT AND WELFARE AND
COMMUNICATIONS PORTFOLIOS'**

RECOMMENDED:

1. *That the budget proposals in relation to Resource Management, Performance Management and Welfare and Communications Portfolios for 2005/06 be approved.*

**OVERVIEW AND SCRUTINY COMMITTEE 2 HELD ON WEDNESDAY, 26TH JANUARY
2005**

**'CULTURE AND RECREATION, HOUSING, AND SUPPORTING PEOPLE
PORTFOLIOS'**

RECOMMENDED:

1. *That Cabinet reconsider the following budget proposals:*
 - a) *The decision to close the swimming pool at Thornhill Gardens, Shildon.*
 - b) *The decision to discontinue operation of the Mobile Skate Park.*
2. *That Council continues to fund the Sedgefield and District Advice and Information Service at the current level.*
3. *That subject to recommendations 1 and 2 above, the budget proposals in relation to Culture and Recreation, Housing and Supporting People portfolios for 2005/6 be otherwise supported.*

**OVERVIEW AND SCRUTINY COMMITTEE 3 HELD ON THURSDAY, 27TH JANUARY
2005**

'ENVIRONMENT, REGENERATION AND COMMUNITY SAFETY PORTFOLIOS'

RECOMMENDED:

1. *That the budget proposals in relation to the Environment, Regeneration and Community Safety Portfolios for 2005/06 be approved.*

Consultation on Budget Proposals and Medium Term Financial Plan
2005/2006
Executive Summary

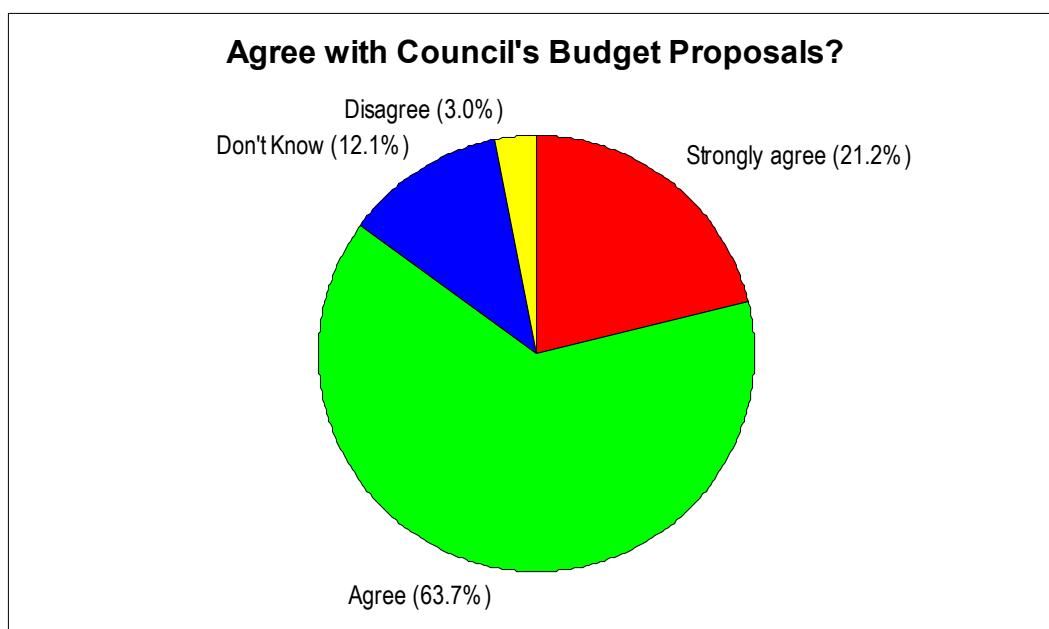
- 1 A broadly representative sample of residents from Sedgefield Borough, in respect of age, gender, geography and ethnicity, were recruited to take part in the Council's Consultation on its Budget Proposals and Medium Term Financial Plan. Participants in the groups attended two workshop sessions, the first workshop being held on 4th December 2004. The primary purpose of this workshop was to review the key financial issues faced by the Council and to consider the 'Medium Term Financial Plan'. Participants heard presentations from the Council's Director of Resources and also from the Director of Leisure Services, the Director of Neighbourhood Services and the Head of Strategy and Regeneration. At the close of this meeting participants expressed their views on the importance and their prioritisation of future plans for each element of the service areas discussed.
- 2 The second meeting, held on 22nd January 2005, met to consider the Council's draft spending proposals for 2005/2006; to review the extent to which the group felt that the Council's spending proposals addressed the issues they felt were important and the extent to which they agreed or disagreed with the Council's budget proposals. In view of the immediacy of the requirement for information relating to budget proposals the consultation relating to the second meeting, that which directly discussed the draft spending proposals, has been summarised first.

Summary of Meeting of 22nd January 2005

- 3 The respondents were asked to what extent they felt that the Council's draft spending proposals for 2005/2006 addressed the issues, discussed at the previous meeting, which they felt were important. More than three quarters of respondents thought that that the Council's proposals covered all or most of the issues that they thought were important with less than a quarter saying that they covered only some of the issues which they thought were important.
- 4 When asked to explain their answers the majority accepted that the Council had to meet a variety of priorities, for different age ranges and for different areas of the Borough. Many said that issues were of varying levels of importance to themselves as individuals, recognising that others might consider important that which they did not. Issues mentioned here included the need to ensure that resources (e.g. ICT) are kept

up to date, that 'quality' was common to all services and that energy consumption reduction, economic regeneration and job creation were high priorities.

- 5 When asked how strongly they agreed with the draft budgets for individual services, in all but one area, agreement was 80% or above i.e. Resource Management 91%, Culture & Recreation 82%; Environment 88%; Regeneration 80%; Community Safety 82% and Supporting People 79%.
- 6 Having considered the individual potential service changes participants were asked the extent to which they agreed or disagreed with the Council's overall budget proposals. Nearly 85%, of respondents agreed with the Council's budget proposals while less than one in eight respondents expressed a 'don't know' opinion and only one respondent disagreed with the budget proposals.



- 7 When asked to explain the reasons behind their decision the large majority were complimentary about the Council's efforts to prioritise services, manage the budget and also to keep the budget increases down. One respondent gave reluctant approval as he felt that the low level rise in Council Tax was only viable because of Capital Receipts that would not be available again. The person who disagreed with the Council's proposals said that being on a fixed income made it difficult to pay an increased charge. The need for strong budgetary control was stressed by another respondent who also commented that controls should not be so strong that in some years time the Council would have allowed services to have 'run down'.

- 8 The group was asked to comment on the operation of the consultation meetings, the clarity of presentations, opportunities to ask questions, whether they were clearly answered and the provision and clarity of information. The responses to all of these issues were very positive with agreement ranging from 80% for 'Presentation' to 94% for 'Questions answered clearly'.
- 9 Satisfaction with the 'arrangements for the meetings' was also very high at 91%. The remaining responses were 'opportunity to ask questions' 88%, 'supplied with requested information' 86% and 'clarity of supplied information' 88%.
- 10 The organisation of the meetings and the approach of the Officers were strongly praised. A number of respondents made comments on the proceedings and suggestions for future consultation exercises. A small number of participants felt a 'little overwhelmed' by the number of issues covered. Suggestions included receiving more information before the meetings, also, that the meetings could be extended with one on an evening and another to cover a full day. It was commented that the Director of Resources was 'exceedingly good' at answering the many questions, however, the number of questions asked sometimes led to presentations 'running over' and frustrations for those who still had questions at the end of the sessions. However, the opportunity to discuss issues over lunch was praised by one participant.

Summary of Meeting of 4th December 2004

- 11 Of those who attended the first consultation meeting and returned completed questionnaires 27% were under 45 years of age, 24% were '45 to 54', 28% were '55 to 64' and 21% were 'over 65 years'.
- 12 Respondents were asked, for each service area, to state their agreement with the Service's future plans and also how important the named services were. The responses to these questions are as follows:

Leisure & Cultural Services

Agreement with Future Plans

- 13 The most popular element of the Leisure Services' future plan was that of 'further investment in Youth Services' with the vast majority of respondents (93%) 'agreeing' with the proposal. Only two respondents indicated disagreement
- 14 This was closely followed by 'Investment in fixed play areas' where more than three-quarters of the respondents (86%) 'agreed' with the plan. Three respondents disagreed with the plan and 1 had 'no opinion'.

- 15 The third most popular element of the Leisure Plan was 'Partnership working' with 83% of respondents giving 'agreement'. 2 respondents 'disagreed', while 3 gave a 'no opinion' response.
- 16 The greatest percentage of 'disagreement' is to be found in the 'Locomotion Museum' proposal, where almost one in three respondents 'disagreed'. 5 respondents disagreed with the 'Smart Card Technology' proposals and 6 'disagreed' with the 'Railway heritage' proposals'.

Importance

- 17 The issue that was named as most important by the respondents with regard to 'Leisure Services' was that of 'Partnership Working'.
- 18 The second most 'important' issue was that of 'Further investment in Youth Services'. No respondents felt that this issue was either 'not very important' or 'not important at all' and no respondents expressed 'no opinion'.

Strategy & Regeneration Services

Agreement with Future Plans

- 19 In regard to the Regeneration Service's plan more than four out of five respondents 'agreed' with the proposal for 'Housing Land Capital Receipts'. 2 respondents 'disagreed' and 3 expressed 'no opinion'.
- 20 The vast majority of respondents (89%) 'agreed' with the general plan for 'Neighbourhood Housing and Community Renewal' while 1 respondent disagreed and 1 expressed 'no opinion'.

Importance

- 21 Respondents were also asked to indicate the 'importance' of 'Regeneration Service's plans. The issue that was named as most important by the respondents was that of 'Housing Land Capital Receipts'. This was closely followed by 'Neighbourhood Housing & Community Renewal' and 'Strategic Employment Sites'.

Neighbourhood Services

Agreement with Future Plans

- 22 For 'Neighbourhood Services', the most popular plans were 'Street Cleaning' 'Supporting People' and 'Waste Recycling' all at 93% 'agreement', and 'Horticultural Services' (90% agreement).

Importance

- 23 For 'Neighbourhood Services' the two issues that were noted as 'most important' by respondents were 'Street Cleaning' and 'Waste Recycling'.

Service Priorities

- 24 In the third part of the questionnaire, respondents were asked to indicate their priorities by ranking the various services areas. Those services that could be considered as 'high' priorities were:

- The highest priority was for 'Regeneration through Economic Development'.
- In second place was 'Street Cleansing'.
- This is followed by 'Waste recycling', and
- In fourth place, 'CARELINK'.

Proposed Council Tax Increase

- 25 Finally, at the end of this questionnaire, respondents were asked to state their agreement/disagreement with plans for a 'Council Tax increase of 3% for each of the next 3 years'. Almost two thirds (64%) of respondents agreed with this plan with the remainder, around one in three respondents, (36%) disagreeing.

SUMMARY OF 2005/06 BUDGET RECOMMENDATIONS

GENERAL FUND

<u>Spending:</u>	<u>Target Budget</u> £	<u>Financed by:</u>	£
Resource Management	72,570	Net Spending	<u>12,910,000</u>
Performance Management	1,327,700	<u>Less</u>	
Welfare and Communications	1,385,730	Non-Domestic Rates	2,520,677
Culture and Recreation	2,493,000	Revenue Support Grant	5,059,773
Environment	4,205,000	Collection Fund	250,000
Housing	624,000	Use of Balances	<u>500,000</u>
Regeneration	1,102,000		8,330,450
Community Safety	680,000		
Supporting People	1,065,000	Net Council Tax Demand	<u><u>4,579,550</u></u>
Contingency	<u>455,000</u>		
	13,410,000		
Use of Balances	<u>(500,000)</u>		
Net Spending	<u><u>12,910,000</u></u>		

This equates to an increase in Band D Council Tax from the current level of **£170.44** to **£175.60** - an increase of **£5.16** or **3.0%**.

The spending proposals are subject to risk assessment and the spending growth provided in the budgets for Environment and Community Safety will only be implemented once capital receipts have been received.

HOUSING REVENUE ACCOUNT

Total spending on Housing Revenue Account services amounts to **£26.087m**. This includes a contribution towards the Housing Capital Programme of **£6.912m** - consisting of the Major Repairs Allowance of **£5.037m** and a Revenue Contribution of **£1.875m**. In addition, a small element of capital receipts of **£0.088m** will be used to provide a total Housing Capital Programme of **£7.0m**.

Included in the spending total above is a payment of **£1.871m**, which will be made to the ODPM and used by the Government to support national housing priorities.

The increase in Housing Rents is in line with the Government guideline of **4.03% +/- £1** adjustment for rent restructuring. This will have the impact of increasing the average base rent, prior to the rent restructuring adjustment, by **£1.97** per week over 47 weeks.

CAPITAL PROGRAMME

The overall Capital Programme for 2005/06 has been set at **£15.8m** of which **£7.0m** is for the Housing Capital Programme and **£8.8m** is for General Fund projects. Of the General Fund element, **£5.0m** has been earmarked for Special Regeneration Initiatives.

The capital spending proposals are subject to risk assessment and the earmarked provision for Special Regeneration Initiatives will only be implemented once capital receipts have been received.