

**SEDGEFIELD BOROUGH COUNCIL
CABINET**

Conference Room 1,
Council Offices,
Spennymoor

Thursday,
12 January 2006

Time: 10.00 a.m.

Present: Councillor R.S. Fleming (Chairman) and

Councillors Mrs. A.M. Armstrong, Mrs. B. Graham, A. Hodgson,
M. Iveson, D.A. Newell, K. Noble and J. Robinson J.P

In Attendance: Councillors W.M. Blenkinsopp, Mrs. B.A. Clare, Mrs. J. Croft, V. Crosby,
A. Gray, Mrs. J. Gray, D.M. Hancock, J.E. Higgin, J.G. Huntington,
B. Meek, J.P. Moran, G. Morgan, Mrs. E.M. Paylor, A. Smith and T. Ward

Apologies: Councillors W. Waters

CAB.113/05 MINUTES

The Minutes of the meeting held on 22nd December 2005 were confirmed as a correct record and signed by the Chairman.

CAB.114/05 DECLARATIONS OF INTEREST

Councillor K. Noble indicated that he would be declaring a prejudicial interest in Item No. 5 – Conference as he was the appropriate Lead Member referred to in the report.

CAB.115/05 BUDGET FRAMEWORK 2006/07 (KEY DECISION)

Consideration was given to a report setting out a budget framework for 2006/07 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 been provisionally notified that it would receive £9,131,583 of external Government support for 2006/07, after accounting for a claw back in grant of £30,067 for earlier years. The settlement represented a very substantial increase of £1,551,133 over the 2005/06 settlement and took account of changes in the grant structure.

It was explained that the budget framework for 2006/07 reflected the Council's key priorities as set out in the Corporate Plan and took account of the following financial issues and pressures:

- The pay settlement effective from 1st April 2006
- The ongoing cost of job evaluation
- The increase in the Council's contribution to the Pension Fund

- The fall out of grant/support to fund initiatives to tackle deprivation and social exclusion
- Fuel price inflation, which would significantly add to the costs particularly in areas of high energy e.g. Leisure Centres
- Further delays in respect of the release of the next site at Cobblers Hall, Newton Aycliffe pending investigations into the possibility of newts being present. As a result no major land disposal receipts were anticipated during 2006/07.

Members' attention was drawn to paragraph 3.2.4 of the report, which outlined proposed key changes to the 2006/07 Budget Framework in respect of the Environment, Community Safety, Supporting People and Leisure.

With regard to Supporting People, specific reference was made to impact of the Government's extension of the statutory minimum concessionary fares scheme from half fare to free fare from 1st April 2006.

It was noted that the budget framework for 2006/07 showed another year of spending growth, assisted by a relatively good RSG settlement and the reallocation of available resources to help achieve the Council's priorities. It was, however, pointed out that notwithstanding a reasonable indicative grant settlement for 2007/08, there would be little scope for further additional growth in spending in later years. Furthermore all areas of Council spending were expected to contribute to the achievement of efficiency savings. By the end of 2007/08 efficiency savings of at least £500,000 had to be achieved to maintain spending levels and keep council tax increases low as the use of the budget support fund was withdrawn.

Specific reference was made to the target budget figures set out in paragraph 3.2.7 of the report.

It was explained that careful planning of the budget meant that the commitment made in the Council's Medium Term Financial Plan to restrict council tax increases to 3% could be delivered in 2006/07. The substantial additional investment in Council services would only add £5.27 per year or 10p per week to Band D Council Tax. The cost to the Band A tax payer would be £3.50 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 the Supporting People Grant for Carelink services, rent restructuring and the transfer of rent rebates to the General Fund. In addition the subsidy settlement had undergone major methodology changes particularly with respect to how certain allowances were calculated.

It was pointed out that for 2006/07 further significant changes had been made to the rent restructuring model which would lead to more significant rent increases for most tenants over the next few years so that full convergence with Housing Association rents could be achieved by 2012.

Members' attention was drawn to the impact of the changes, which was referred to in paragraphs 3.3.5 to 3.3.7 of the report.

It was noted that many thousands of tenants who had been looking forward to only the standard rent increase of inflation +0.5% (which had been retained under the new system) would see further additional adjustments of +£2.00 per week per year for a number of years to come.

Members noted that the Director of Finance had already informed the Tenants' Housing Services Group of the Government's rent restructuring proposals and letters would be sent to all Council housing tenants explaining the changes.

It was noted that the Council's Management Allowance had increased by 9.7% and the Maintenance Allowance by 6.4%. In addition the Major Repairs Allowance had been increased by 4.1%, which gave a grant figure of £5.043m for 2006/07.

In contrast the level of Supporting People Grant had continued its downward trend as part of the Government's drive for greater efficiency and partnership working. The Council's grant was expected to be reduced by around 12.5% and it was also expected that grants would be reduced further in recent years as sheltered housing costs became ineligible.

With regard to the Council's Capital Spending Programme, specific reference was made to the table, detailed in paragraph 3.4.2. It was pointed out that Private Sector Supported Allocations were still subject to discussions at the Regional Housing Board and would not be known until the following day.

In addition to Government capital allocations, the Council had access to capital resources from capital receipts from the sale of land and property and revenue contributions (housing). Total capital receipts available for 2006/07, including £1.4m unused from the 2005/06 financial year, were forecast to be £4.4m.

It was proposed that resources of around £3.75m, as opposed to the sum of £5m previously identified, should be made available to support regeneration and affordable housing initiatives as no significant receipts from the sale of housing land were expected to be received during 2006/07 and the project team was still to be recruited.

The total level of capital spending proposed for 2006/07 was £15,650,000. Details of the proposed target spending limits were set out in Appendix 1.

It was reported that 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 22nd December 2005.

RESOLVED : That the budget framework 2006/07 be approved and be consulted upon in accordance with the timetable previously published.

CAB.116/05 CONFERENCE

NB. In accordance with Section 81 of the Local Government Act 2000 and the Members' Code of Conduct, Councillor K. Noble declared a prejudicial interest in the above item and left the meeting for the duration of discussion and voting on the item.

Consideration was given to a report regarding the Council's representation at the Regenex Conference to be held at Earls Court, London on 22nd - 23rd February 2006. (For copy see file of Minutes).

RESOLVED : That the Council be represented at the Regenex Conference by the appropriate Lead Member together with the Chairman of Development Control Committee and one officer.

CAB.117/05 OVERVIEW AND SCRUTINY COMMITTEE 2

Consideration was given to the minutes of the meeting held on 29th November 2005. (For copy see file of Minutes)

RESOLVED: That the report be received.

CAB.118/05 OVERVIEW AND SCRUTINY COMMITTEE 3

Consideration was given to the Minutes of the meeting held on 13th December 2005 (for copy see file of Minutes).

RESOLVED : That the report be received.

CAB.119/05 AREA 1 FORUM

Consideration was given to the Minutes of the meeting held on 12th December 2005 (for copy see file of Minutes).

RESOLVED : That the report be received.

EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That the press and public be excluded from the meeting for the following item of business on the grounds that it may involve the likely disclosure of exempt information as defined by Paragraphs 7 and 9 of Part 1 of Schedule 12a of the Local Government Act 1972.

CAB.120/05 ASSET MANAGEMENT - SURRENDER OF THE LEASE FOR OFFICES AND LAND SALE AT DALTON WAY, NEWTON AYCLIFFE

Consideration was given to a report regarding an application that had been made for the Council to surrender its leasehold interest in its offices at Dalton Way, Newton Aycliffe and to sell the freehold interest in the toilet block in the town centre. (For copy see file of Minutes).

RESOLVED : That the recommendation detailed in the report be adopted.

Published on 13th January, 2005

The key decision contained in these Minutes will be implemented on Monday 23rd January 2006 five working days after the date of publication unless it is called in by five Members of the relevant Overview and Scrutiny Committee in accordance with the call in procedure rules.

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 ggarrigan@sedgefield.gov.uk