

# CABINET

Thursday,  
16 November 2006  
10.00 a.m.

Conference Room 1,  
Council Offices,  
Spennymoor

# AGENDA and REPORTS

If you would like this document in another language or format, such as audio tape, Braille or large print, or if you require the services of an interpreter, please contact us

إذا أردت هذه الوثيقة بلغة أخرى أو بطريقة أخرى، أو إذا كنت بحاجة إلى خدمات مترجم، فنرجو أن تقوم بالاتصال بنا.

যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান অথবা যদি আপনার একজন ইন্টারপ্রেটারের প্রয়োজন হয়, তাহলে দয়া করে আমাদের সাথে যোগাযোগ করুন।

本文件可以翻譯為另一語文版本，或製作成另一格式，如有此需要，或需要傳譯員的協助，請與我們聯絡。

यह दस्तावेज़ यदि आपको किसी अन्य भाषा या अन्य रूप में चाहिये, या आपको आनुवाद-सेवाओं की आवश्यकता हो तो हमसे संपर्क करें

ਜੇ ਇਹ ਦਸਤਾਵੇਜ਼ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦਾ ਹੈ, ਜਾਂ ਜੇ ਤੁਹਾਨੂੰ ਗੱਲਬਾਤ ਸਮਝਾਉਣ ਲਈ ਕਿਸੇ ਇੰਟਰਪ੍ਰੈਟਰ ਦੀ ਲੋੜ ਹੈ, ਤਾਂ ਤੁਸੀਂ ਸਾਨੂੰ ਦੱਸੋ।

یہ دستاویز اگر آپ کو کسی دیگر زبان یا دیگر شکل میں درکار ہو، یا اگر آپ کو ترجمان کی خدمات چاہئیں تو براہ مہربانی ہم سے رابطہ کیجئے۔

Póngase en contacto con nosotros si desea obtener este documento en otro idioma o formato, o si necesita los servicios de un intérprete.

**Democratic Services**



**01388 816166**

## AGENDA

**1. APOLOGIES**

**2. DECLARATIONS OF INTEREST**

To notify the Chairman of any items that appear in the agenda in which you may have an interest.

**3. MINUTES**

To confirm as a correct record the Minutes of the meeting held on 2<sup>nd</sup> November 2006. (Pages 1 - 4)

### KEY DECISION

#### SOCIAL REGENERATION AND PARTNERSHIP AND COMMUNITY HEALTH PORTFOLIOS

**4. LOCAL IMPROVEMENT PROGRAMME - GREAT AYCLIFFE TOWN COUNCIL - GREAT AYCLIFFE WAY EXTENSION AND NATURE PARK**

Report of Head of Strategy and Regeneration. (Pages 5 - 10)

### OTHER DECISIONS

#### HOUSING PORTFOLIO

**5. HOUSING CAPITAL AND IMPROVEMENT WORKS NEGOTIATED CONTRACTS**

Report of Director of Housing. (Pages 11 - 14)

#### STRATEGIC LEADERSHIP PORTFOLIO

**6. ELECTORAL ADMINISTRATION ACT 2006**

Report of Chief Executive. (Pages 15 - 18)

**7. REVENUE BUDGETARY CONTROL REPORT - POSITION AT 30TH SEPTEMBER 2006**

Report of Head of Financial Services. (Pages 19 - 36)

**8. CAPITAL PROGRAMME EXPENDITURE AND FINANCING POSITION - POSITION AT 30TH SEPTEMBER 2006**

Report of Head of Financial Services. (Pages 37 - 48)

### MINUTES

**9. OVERVIEW AND SCRUTINY COMMITTEE 2**

To consider the minutes of the meeting held on 24<sup>th</sup> October 2006. (Pages 49 - 52)

## **EXEMPT INFORMATION**

The following item is not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12 A of the Local Government Act 1972. As such it is envisaged that an appropriate resolution will be passed at the meeting to exclude the press and public.

## **KEY DECISION**

### **LEARNING AND EMPLOYMENT AND STRATEGIC LEADERSHIP PORTFOLIOS**

#### **10. SALE OF BUSINESS DEVELOPMENT LAND AT HEIGHINGTON LANE BUSINESS PARK**

Report of Head of Strategy and Regeneration and Head of Financial Services.  
(Pages 53 - 58)

#### **11. ANY OTHER BUSINESS**

Lead Members are requested to inform the Chief Executive or the Head of Democratic Services of any items they might wish to raise under this heading by no later than 12 noon on the day preceding the meeting. This will enable the Officers in consultation with the Chairman to determine whether consideration of the matter by the Cabinet is appropriate.

B. Allen  
Chief Executive

Council Offices  
SPENNYMOOR  
8<sup>th</sup> November 2006

Councillor R.S. Fleming (Chairman)

Councillors Mrs. A.M. Armstrong, Mrs. B. Graham, A. Hodgson, M. Iveson, D.A. Newell, K. Noble, R.A. Patchett and W. Waters

---

#### ACCESS TO INFORMATION

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

# Item 3

## SEDGEFIELD BOROUGH COUNCIL CABINET

Conference Room 1,  
Council Offices,  
Spennymoor

Thursday,  
2 November 2006

Time: 10.00 a.m.

**Present:** Councillor K. Noble (Vice Chairman in the Chair) and

Councillors Mrs. A.M. Armstrong, Mrs. B. Graham, A. Hodgson,  
M. Iveson, R.A. Patchett and W. Waters

**In**

**Attendance:** Councillors W.M. Blenkinsopp, Mrs. B.A. Clare, Mrs. K. Conroy,  
Mrs. J. Croft, V. Crosby, Mrs. A.M. Fleming, A. Gray, G.C. Gray, B. Hall,  
D.M. Hancock, J.E. Higgin, J.G. Huntington, J.M. Khan, B. Meek,  
J.P. Moran, Mrs. E.M. Paylor, A. Smith, Mrs. I. Jackson Smith and  
T. Ward

**Apologies:** Councillors R.S. Fleming and D.A. Newell

### **CAB.96/06 DECLARATIONS OF INTEREST**

It was noted that Councillors K. Noble and R. Patchett would each be declaring a prejudicial interest in respect of Item No.6 – Conferences as it was recommended that they should represent the Council.

### **CAB.97/06 MINUTES**

The Minutes of the meeting held on 19<sup>th</sup> October 2006 were confirmed as a correct record and signed by the Chairman.

### **CAB.98/06 SEDGEFIELD BOROUGH PLAY STRATEGY (KEY DECISION)**

The Lead Member for Leisure and Culture presented a report seeking approval of the Play Strategy for 2006 to 2011. (For copy see file of Minutes).

It was explained that the Play Strategy had been developed alongside a number of key internal and external strategic policies and reflected the importance of play in delivering on a number of the Council's key ambitions. The document, which was divided into four sections, covered legal responsibilities, barriers to play, the need for the strategy and primary and secondary research findings. It also included an Action Plan.

The strategy also took account of recent work that had been undertaken by the Open Space Needs Assessment and provided a structured approach to future investment decisions. Its adoption would release £230,000 of Big Lottery funding, which would assist in the realisation of the Action Plan.

Members noted that opportunities to play could not be delivered by the Council alone and the partnership requirements were identified in the Action Plan.

*RESOLVED : That the Play Strategy 2006/2011 be adopted.*

**CAB.99/06 FEASIBILITY STUDY, DEVELOPMENT OF OPEN SPACE, BURNHILL WAY, NEWTON AYCLIFFE (KEY DECISION)**

The Lead Member for Leisure and Culture presented a report regarding the above. (For copy see file of Minutes).

Members were reminded that in June 2005, LDA Design Consultants had been appointed by the Council to devise a two option approach for the redevelopment of land extending from Burn Lane, adjacent to the Pioneering Care Centre through to Greenfield Way, adjacent to Greenfield Community Arts College.

It was reported that the final version of the feasibility study had been received, which suggested that the land should be redeveloped into an attractive gateway into the town, providing a progression from informal play through to more organised sporting activity.

It was pointed out that as the consultants had only taken soundings from a limited audience in Newton Aycliffe, more detailed local consultation was required with all those organisations and individuals who could be affected by investment in the Cobblers Hall area.

*RESOLVED : That consultations be undertaken on the key findings of the report and a further report be presented to Cabinet in due course.*

**CAB.100/06 CONFERENCES**

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

**Councillor W. Waters in the chair**

Consideration was given to a report regarding the Council's representation at the Enterprising Britain: The Debate on 13<sup>th</sup> November 2006 at London. (For copy see file of Minutes).

*RESOLVED : That the Council be represented at the Enterprising Britain: The Debate by the Deputy Leader plus one Member of Cabinet.*

**Councillor K. Noble in the chair**

**CAB.101/06 OVERVIEW AND SCRUTINY COMMITTEE 1 - REVIEW OF THE COUNCIL'S COMMUNITY NEWSPAPER - INFORM**

Councillor J.M. Khan, Chairman of the Review Group, presented the findings of the above review. (For copy see file of Minutes)

It was explained that the review aimed to evaluate and assess whether Inform was fulfilling its purpose, was comparable with Best Practice Local Authority newspapers and identify possible future improvements.

Specific reference was made to the Group's conclusions and recommendations.

- RESOLVED:*
1. *That the report be received.*
  2. *That the recommendations be considered and the response and Action Plan be reported to a future meeting of Cabinet.*

**CAB.102/06 OVERVIEW AND SCRUTINY COMMITTEE 1**

Consideration was given to the Minutes of the meeting held on 10<sup>th</sup> October 2006. (For copy see file of Minutes).

*RESOLVED :* *That the report be received.*

**Published on 3<sup>rd</sup> November 2006**

**The key decisions contained in these Minutes will be implemented on Monday 13<sup>th</sup> November 2006 five working days after the date of publication unless they are called in by three 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

This page is intentionally left blank



# Item 4

**KEY DECISION**

**REPORT TO CABINET**

**DATE 16<sup>th</sup> NOVEMBER 2006**

**REPORT OF THE HEAD OF  
STRATEGY & REGENERATION**

**Portfolio: Social Regeneration & Partnership, Community Health**

**LOCAL IMPROVEMENT PROGRAMME – GREAT AYCLIFFE TOWN  
COUNCIL – GREAT AYCLIFFE WAY EXTENSION AND NATURE PARK**

## **1. SUMMARY**

- 1.1. This report highlights a Local Improvement Programme (LIP) application submitted to and appraised by the Capital Programme Team within the Strategy and Regeneration Division. Following endorsement of the project by the Area 5 Forum, this report provides information to Cabinet for their consideration.
- 1.2. The project aims to extend the existing Great Aycliffe Way to the south east of the town. An area of unused industrial land that has been converted into a Nature Park will also be further improved and made more accessible to all members of the community.
- 1.3 The applicant has requested a minimum of £183,505 LIP grant to implement the project. Further information is contained in para.5.2.

## **2. RECOMMENDATION**

It is recommended that Cabinet consider the report and...

- 2.1 Approve the application for LIP Funds based upon the information provided.

## **3. LOCAL IMPROVEMENT PROGRAMME (LIP)**

### **Background - Purpose and Process**

- 3.1 The purpose of this programme is to improve community assets and support community engagement in the regeneration of local areas. As part of this, Local Communities groups and partner Town and Parish Council's can propose projects against criteria agreed by Cabinet. As part of this programme resources can be released to improve sites / buildings and the usability of community facilities throughout the Borough.

- 3.2 Once an application is received, officers from the Strategy & Regeneration Division appraise it against set criteria to ensure compatibility with the Department for Communities and Local Government (DCLG) definition of Regeneration and the broad 'Grant Criteria' highlighted in the June 2005 report to Cabinet. This includes evidence that the project is able to address clear local need and meet key targets linked to the Community Strategy. The Area Forum view as to the local priority of the project proposal is also key to this appraisal stage.

### **Background – Project Proposal and History**

- 3.3 The Great Aycliffe Way was established in Newton Aycliffe in 1998 as a five and a half mile circular footpath to commemorate fifty years since the designation of the new town of Newton Aycliffe. This walk has proved to be very popular and the Town Council would now like to extend it to the south east of the town.
- 3.4 The new 4.5km link will start at the rear of Woodham Community College continue through woodland plantations and open spaces and link to the Aycliffe Nature Park continuing along the disused Simpasture Railway line and meet the original path adjacent to Westmorland Way. Suitable surfacing will be used to ensure that the path is accessible to all. Way markers will be erected to enable residents to follow the route. Appropriate arts features and seating will also be installed.
- 3.5 An area of unused industrial land which has been converted into a Nature Park will be further improved and made more accessible to all members of the community and ensure that the park is brought into effective use. The works will mean that the Nature Park is identifiable as such and therefore will encourage usage by the general public and local community / school groups. Signage and interpretation panels will be erected. Pond improvements and scrub clearance will be carried out. Picnic tables, benches and bins will also be installed to encourage wider family usage. The area will be fenced to prevent inappropriate use of the land and discourage anti-social behaviour.
- 3.6 A key driver for the scheme apart from the obvious biodiversity and wildlife enhancement is to encourage people to use the walkway as a means of positive physical exercise and to help address aspects of improved mental health. Once completed the project will link to the work of the Sustainable Communities Team of Sedgfield Borough Council including promotion through the Walking the Way to Health Initiative.

## **4. CORPORATE POLICY IMPLICATIONS**

- 4.1 Great Aycliffe Town Council have worked with the Reserves Officer – Sustainable Communities Team throughout the development of the project. This relationship will be further developed following the implementation of the project.

4.2 Great Aycliffe Town Council have also worked with the Council's Arts Development Officer and Commissions North to discuss the public art element of the project.

## **5. RESOURCE IMPLICATIONS**

5.1 Area Forum 5 has been allocated £1,140,000 of LIP Capital resources between 2006 and 2009, none of which has been allocated to date. £380,000 has been allocated for 2006/07.

5.2 The applicant has requested a minimum of **£183,505** of LIP funding, which is 89% of the total capital project costs. The remaining capital costs (£21,000) have been applied for from the County Durham Environmental Trust (CDENT) - £20,000, and The Conservation Foundation - £1,000. Decisions on the funding applications are to be made on Wednesday 8<sup>th</sup> November. A verbal update will be provided to Cabinet as to the outcome of these external funding decisions.

5.3 A full breakdown of costs is as follows:

<b>Expenditure</b>	<b>Costs</b>
Footpath Works- New loop	£71,280
Footpath Works – Simpasture rail line loop	£72,360
Nature Park works	£40,865
Arts Features	£20,000
<b>Total</b>	<b>£204,505</b>

5.4 Great Aycliffe Town Council have explored many avenues of funding in an attempt to attract match funding to the project. Unfortunately, due to their applicant status and the availability of monies for such projects, this has proved difficult and therefore the £21,000 level stated above is likely to be the maximum match funding available, subject to a positive outcome on the funding applications.

5.5 In addition to the above, Great Aycliffe Town Council will undertake the maintenance of the Great Aycliffe Way and the Nature Park upon completion of the project. This amounts to approximately £35,000 over the next 8 years and will be funded from their own funds.

5.6 The Technical Services Section of Sedgefield Borough Council have prepared initial scheme cost estimates and will manage the tender process to ensure value for money is achieved from letting the programme of works.

## **6. CONSULTATIONS**

- 6.1 The project was established during the Parish Plan production process when local residents awareness of Aycliffe's environment and the need to maintain and improve the quality of leisure facilities were highlighted. The Aycliffe Nature Park Association, together with SBC and Durham Wildlife Trust, has recently surveyed the wildflower meadow and pond area and concluded that work is urgently required to preserve this habitat.
- 6.2 Consultation on this project has also been carried out with the Friends of Byerley Park Local Nature Reserve, The Nature Park Association and the Newton Aycliffe Walking the Way to Health Group who are all supportive of the project.
- 6.3 Extensive use of the existing footpath network has highlighted the popularity of such a facility – by extending it, the Town Council aim to encourage more members of the community to take an interest in their local environment, while at the same time gaining the obvious benefits of healthy exercise and an educational opportunity.

## **7. AREA FORUM RECOMMENDATION**

- 7.1 The Area 5 Forum agreed to support the progress of this project through the Council's decision-making process.

## **8. OTHER MATERIAL CONSIDERATIONS**

- 8.1 The application has undergone an appraisal and been assessed against the LIP criteria. The application has met key elements of the LIP criteria, and demonstrated links to the Community Strategy priorities as detailed above.
- 8.2 Further discussions will be held with the Planning Department to assess the future need for planning permission, particularly for the Arts features.
- 8.3 Procurement - The funding requested represents a grant to an external organisation. All elements of the project will be subject to a full tender process upon approval in order to ensure value for money is ensured. See Para. 5.6
- 8.4 Sustainability – The project represents a clear opportunity to enhance the local environment and encourage interest and community ownership of local Nature Reserves.
- 8.5 Crime and Disorder - In line with the Council's Community Strategy, this project has identified a clear link with providing facilities that hope to result in a fall in crime and anti-social behaviour rates within this community. The

facility will need to be actively managed by the Town Council and it's partners to ensure that opportunities for antisocial behaviour are minimised. This will include the designs being considered by the Police Design Liaison Officer prior to implementation.

**9. OVERVIEW AND SCRUTINY IMPLICATIONS**

9.1 There has been no previous consultation or engagement with the Overview and Scrutiny Committees on this particular project.

**Contact Officer:** Nicola Woodgate /Andrew Megginson  
**Telephone number:** (01388) 824002 / 824069  
**Email Address:** nwoodgate@sedgefield.gov.uk

**Ward:** West Ward and Neighbouring Wards in Newton Aycliffe

**Key Decision Validation:** Amount requested represents a grant of over £100,000 from LIP resources.

**Background Papers:**

<b>Internal</b>		
1	Promotion Of The Regeneration Of The Borough Housing Land Capital Receipts To Support Regeneration And Affordable Housing Provision	June 2005 Cabinet Report
2	Area 5 Forum Report – July 2006 – Sedgefield Borough Local Improvement Programme Application	July 2006

**Examination by Statutory Officers**

	<b>Yes</b>	<b>Not Applicable</b>
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"/>



# Item 5

## REPORT TO CABINET

16<sup>th</sup> NOVEMBER 2006

## REPORT OF DIRECTOR OF HOUSING

### Housing Portfolio

#### HOUSING CAPITAL AND IMPROVEMENT WORKS NEGOTIATED CONTRACTS

##### 1. SUMMARY

- 1.1. This report seeks approval to negotiate two bathroom improvement schemes, one roofing project and two heating schemes with the Contracts Section of the Department and with private contractors who have successfully won tendered contracts with competitive rates. These projects were tendered this year.

##### 2. RECOMMENDATIONS

- 2.1 That negotiations proceed with the Contract Section of the Department and with two private contractors to benefit from competitive costs from the lowest tenderer.
- 2.2 That negotiations be undertaken in accordance with Procedure Rule 1(2) and 8.
- 2.3 That approval to proceed with accepting the most advantageous negotiated project be given to the Director of Housing in consultation with the Cabinet Member for Housing and subsequently reported to Cabinet.

##### 3. DETAILS

- 3.1 Competitive tenders have been received for the following projects:-

(a) 105 Improvements (SBC)	£591,977.22
(b) 69 Re-roofing Works (SBC)	£294,644.09
(c) 230 Central Heating Replacements (External Contractor)	£498,176.82
(d) 377 Central Heating Replacements (External Contractor)	£858,729.37

- 3.2 The above projects have secured competitive rates from construction organisations who have a proven track record of successfully carrying out projects for the Council. In order to take advantage of competitive tenders, to achieve value for money and to ensure no delays in future programme completion, it is proposed to enter into negotiations as quickly as possible.

##### 4. FINANCIAL IMPLICATIONS

- 4.1 The planned expenditure for these five projects is in accordance with expenditure targets set by the Council in February 2006 and as identified in the Medium Term Financial Plan June 2006.

## **5. RESOURCE IMPLICATIONS**

- 5.1 The proposals contained within this report will secure favourable prices based upon tendered schemes in this financial year which will provide value for money. The contractors identified have successfully delivered projects of this type for the Council.

## **6. OTHER MATERIAL CONSIDERATIONS**

### **Community Strategy and Corporate Plan**

- 6.1 The procurement strategy outlined within this report clearly fits within the Council's approved key policy framework for the delivery of Decent Homes Standard of the Housing stock. In particular, it supports the delivery of the Council's aim to secure quality affordable housing within the Borough.

### **Equality and Diversity**

- 6.2 Full account will be taken of the Borough Council's obligation to promote equity and diversity in the proposals.

### **Risk Management**

- 6.3 Those key risks associated relates to non-achievement of Decent Homes Standard of the Housing stock as required by the DCLG. The procurement proposal to negotiate five projects as set out in this report will ensure appropriate arrangements are in place to deliver the programme for 2006/07 to assist in achieving Decent Homes Standard by December 2010 and achieving value for money within the Housing Capital programme.

### **Social inclusion**

- 6.4 Every effort will be made to ensure that the issue of social inclusion will be taken into account throughout the delivery of the procurement of construction services as detailed in this report.

### **Legal and Constitutional**

- 6.5 The procurement report was prepared in accordance with the Council's Constitution. No other legal or constitutional implications have been identified.

### **Health and Safety**

- 6.6 There are no additional health and safety implications over and above those for existing staff or contractors when undertaking construction works. Suitable and appropriate contract administration and management arrangements are in place to ensure all health and safety risks are managed.



**Contact Officer:** Bob Scougall  
**Telephone Number:** 01388 816166 Ext. 4518  
**E-mail address:** [rscougall@sedgefield.gov.uk](mailto:rscougall@sedgefield.gov.uk)

**Wards:** All Wards

**Key Decision Validation:** Not a Key Decision at this stage.

**Background Papers:**

Report to Council February 2006 Budget Framework 2006-2007  
Council Report June 2006 - Medium Term Financial Plan  
Repairs and Maintenance Strategy and Construction Related Procurement Strategy and Toolkit (June 2003)  
Delivering better services for Citizens (Byatt 2001)  
Constructing the Team (Latham 1994)  
Rethinking Construction (Egan 1998)

**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"/>

This page is intentionally left blank

# Item 6

REPORT TO CABINET

16<sup>th</sup> NOVEMBER 2006

REPORT OF CHIEF  
EXECUTIVE

## **Portfolio: STRATEGIC LEADERSHIP**

### **ELECTORAL ADMINISTRATION ACT 2006**

#### **1. SUMMARY**

- 1.1 The purpose of this report is to obtain Cabinet approval to acquire the necessary software to comply with requirements of the Electoral Administration Act 2006.

#### **2. RECOMMENDATION**

- 2.1 That the necessary software be purchased from Express Software Solutions Ltd. with the cost of this project being met from the 2006/07 Contingencies Fund.

#### **3. POSTAL VOTE PERSONAL IDENTIFIERS**

- 3.1 The Act and secondary legislation requires the collection of personal identifiers (P.I's) (signature and date of birth) for all existing postal and postal proxy voters. The Returning Officer will be required to check the P.I's on postal voter statements against those collected.
- 3.2 The Department for Constitutional Affairs (D.C.A.) has indicated that regulations will require the collection of P.I's to commence on 1<sup>st</sup>. January 2007 and to be concluded within 49 days. Regulations will also require the checking of at least 20% of returned postal voter statements at elections after 1<sup>st</sup>. May 2007. Approximately 11,500 electors in the Borough have currently chosen to vote by post at all elections. Without the use of appropriate computer systems the Electoral Registration Officer/Returning Officer (ERO/RO) cannot effectively comply with these obligations.
- 3.3 This timeframe requires that any computer based system for collection is in place before 1<sup>st</sup>. January 2007 and verification systems in place before 1<sup>st</sup>. April 2007. The D.C.A. has also indicated that within 2 years 100% of all returned postal voter statements must be verified against collected identifiers before allowing the postal votes to be included in the count stage.

#### **4. RESOURCE IMPLICATIONS**

- 4.1 On 30<sup>th</sup>. March 2006 Cabinet authorised the commissioning of a replacement electoral registration and electoral administration operating system from Express Software Solutions Ltd. The Council acted in partnership with Easington and Teesdale District Council's and as a result obtained a 10% discount on the software fee.
- 4.2 As the software identified in this report will be used in conjunction with the operating system already in use it is required to be obtained from the same supplier. This report therefore has been prepared taking into account the requirements of Contract Procedure Rule No. 8.
- 4.3 The estimated cost of obtaining the additional software is £11,400 together with ongoing maintenance costs of 20%. Provisions to require the collection of these P.I.'s and subsequent reproduction and checking at the time of voting were inserted into the Electoral Administration Bill by the House of Lords at a late stage in the Bill's Parliamentary passage. In consequence of this, the provisions could not have been catered for when implementation of the Bill was originally being budgeted.
- 4.4 The D.C.A., which has responsibility in Government for electoral policy, is therefore committed to making funding available in the following estimated amounts.

Collection- 74p per postal voter registered as such in the Council's area on 1<sup>st</sup>. December 2006. This will amount to approximately £8500 which is likely to be paid out in January 2007.

Checking- 99p per postal voter registered as such in the Council's area on 1<sup>st</sup>. December 2006 subject to a minimum of around £12000 for Authorities with at least 10,000 absent voters and a maximum of around £40,000. This is likely to be paid out in April 2007.

In total therefore the Council can expect to receive grant funding of a minimum of £20,500 to implement these requirements. Whilst this grant is also meant to cover the Council's staff input, postage and stationery it is anticipated that the software cost of £11,400 can be fully accommodated.

## 5. **CONSULTATIONS**

- 5.1 Due to the subject matter of this report no external consultations are considered appropriate.

## 6. **OTHER MATERIAL CONSIDERATIONS**

**Links to Corporate objectives/ Values**

- 6.1 This project will assist in promoting local democracy and social inclusion.

**Legal Implications**

- 6.2 The proposal will enable the ERO/RO to comply with the requirements contained within the Electoral Administration Act and to fulfil his statutory obligations.

**Risk Management**

- 6.3 The exercise will assist in the management of risk in regard to statutory obligations.

**Health and Safety Implications**

- 6.4 No material considerations have been identified.

**Sustainability**

- 6.5 No material considerations have been identified.

**Equality and Diversity**

- 6.6 No material considerations have been identified.

**Crime and Disorder**

- 6.7 No material considerations have been identified.

-----

**Contact Officer** John Stubbs  
**Telephone Number** 01388 816166 Ext. 4304  
**E-mail address** [lstubbs@sedgefield.gov.uk](mailto:lstubbs@sedgefield.gov.uk)

**Wards:** Not Ward Specific

**Background Papers:**

Letter from Department for Constitutional Affairs dated October 2006.  
Proposal from Express Software Solutions October 2006.

## 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"/>

16th NOVEMBER 2006

## REPORT OF HEAD OF FINANCIAL SERVICES

**Portfolio: STRATEGIC LEADERSHIP**

### **REVENUE BUDGETARY CONTROL REPORT – POSITION AT 30<sup>TH</sup> SEPTEMBER 2006**

#### **1. SUMMARY**

This report summarises individual spending forecasts for the nine portfolios for 2006/2007, which shows that:

- The General Fund is expected to use balances of around £581,500 [previous report £602,000] compared to the initial budgeted use of £500,000.
- The Housing Revenue Account is currently predicting a small underspend of £94,000 [previous report underspend of £12,000]. HRA balances of £100,000 will be used to fund the first year costs of the HRA service improvement plan and £300,000 to cover the costs of the additional Disabled Persons Adaptations [DPA] recently approved by Cabinet. In addition £500,000 is being used to support the HRA capital programme.
- The Training and Employment Service is anticipated to make an operating loss in the region of £60,000 [previous report £125,000], a significant improvement on the initial budget forecast.

Details in respect of significant Balance Sheet items previously only reported within the Annual Statement of Accounts are also included in order to provide a wider perspective on the Council's financial standing.

#### **2. RECOMMENDATIONS**

- That the financial position for 2006/2007 be noted.
- That a further report be submitted to Cabinet, detailing the position as at the 31<sup>st</sup> December 2006 and final outturn as at 31<sup>st</sup> March 2007 in line with the budgetary Control Monitoring Arrangements 2006/07 reported to Management Team on 10<sup>th</sup> July 2006.
- Detailed reports be submitted to future Strategic Working Groups in order to continue the monitoring process throughout the rest of the year.

#### **3. DETAILED FINANCIAL POSITION AT 30<sup>TH</sup> SEPTEMBER 2006**

##### ***3.1 Monitoring Arrangements for 2006-2007***

The budgetary control monitoring arrangements for 2006-2007 have been enhanced by ensuring that the Councils five Strategic Working Groups receive regular reports in respect of those areas of responsibility, but at a more detailed level than is presented to Cabinet for consideration.

The expectation is that issues arising from any significant variances from approved budgets will be considered by the Groups who will instigate corrective action where necessary and ensure that their deliberations are reported back to Cabinet at the next budgetary review opportunity.

Several of the Councils budgets are susceptible to market forces and as such if not closely monitored could lead to budget problems [E.g. Leisure Centre income, Planning & Building Regulation fees etc.]. Research is currently being undertaken as to how best to monitor these budgets and report on them. It is anticipated that once the framework has been agreed with the Director of Resources and relevant Heads of Service it will lead to monthly reporting to Management Team on the selected items. The first element of this monitoring process has been developed covering expenditure on salaries, wages and other employment expenses, the results of which have been built into the individual Strategic Working Group reports that are the foundations for this report, work is still continuing identifying the other potential risk areas.

### 3.2 General Fund

The following table covers the first six months of 2006/2007 and shows: -

- The approved budget for each of the main portfolios.
- The profiled budget for the first six months of 2006/2007 [April – September] .
- The actual income and expenditure as recorded in the Council's Financial Management System.
- Projected Probable Outturn for 2006/2007 based on actual spend to date and known commitments.
- Variance between the annual budget and the projected probable outturn.

The original approved budgets have been revised to take account of a full re-apportionment of asset charges across all Portfolios in line with the new SORP arrangements that eliminate any charges for notional interest. The overall financial position for the General Fund is therefore as follows: -

	<b>Budget 2006/07 £'000</b>	<b>Budget To Date £'000</b>	<b>Spend To Date £'000</b>	<b>Probable Outturn £'000</b>	<b>Variance £'000</b>
<b>Strategic Leadership</b>	1754.55	1,715.39	1,746.72	<b>1,768.13</b>	13.58
<b>Healthy Borough</b>					
- Community Health	144.45	92.18	82.76	<b>140.65</b>	(3.80)
- Leisure & Culture	3,622.08	1836.75	1,791.85	<b>3,668.71</b>	46.63
<b>Strong Communities</b>					
- Housing	554.41	288.34	322.84	<b>615.57</b>	61.16
- Safer Communities	797.00	509.75	538.43	<b>863.35</b>	66.35
<b>Prosperous Borough</b>					
- Learning & Employment	232.21	54.50	37.41	<b>195.34</b>	(36.87)
- Social Regeneration & Partnership	1,953.75	1,043.42	928.67	<b>1,886.68</b>	(67.07)
<b>Attractive Borough</b>					
- Environment	5,219.32	2,607.30	2,446.69	<b>5,194.25</b>	(25.07)
- Planning & Development	467.75	143.35	105.84	<b>349.59</b>	(118.16)
<b>Salary Savings</b>	(260.00)	-	-	-	260.00
<b>Contingency</b>	59.96	-	-	-	(59.96)
<b>Other Income</b>	-	-	(52.30)	<b>(52.30)</b>	(52.30)
	14,545.48	8,290.98	7,948.91	<b>14,626.97</b>	81.49
<b>Use of Balances</b>	(500.00)			<b>(581.49)</b>	(81.49)
<b>Budget Requirement</b>	<b>14,045.48</b>			<b>14,045.48</b>	-

The main features that contribute to the overall overspend include: -



Salaries and Wages costs amount to approximately 30% of the gross spend on the Council's General Fund services, and as a consequence the relevant budgets are monitored very closely on a monthly basis. The full impact of any changes to the approved establishment structures, regradings as a consequence of exam success / skills matrix progression and staff turnover are factored into a financial model and the probable outturn for each individual Portfolio has been adjusted accordingly. The Council set a savings target of £260,000 equivalent to a turnover rate of 2.5% that on current projections will be achieved by the 31<sup>st</sup> March 2007. **The model assumes that vacancies that arise are filled within two months and as a result additional savings may arise if it takes longer to fill some of the posts.**

**The following sections therefore concentrate on factors other than staffing which are having an impact on individual Portfolio budgets.**

### **3.2.1. Strategic Leadership**

- The projected spend to the 31<sup>st</sup> March 2007 is £1,768,130 compared to an initial budget of £1,754,550; an estimated overspend of £13,580, compared with a net underspend of £68,800 at the July stage.

The main factor that contribute to the change in the budgetary position since the last report [excluding employee related expenses] are

- The additional production costs associated with the increased size of the Council's Newspaper "inform" - £17,000
- Additional costs associated with the Council's Communication Strategy - £5600

### **3.2.2. Healthy Borough**

#### **Community Health**

- The projected net spend to 31<sup>st</sup> March 2007 is £140,650 compared to the initial budget approval of £144,450, a net underspend of £3,800 [Position at 31<sup>st</sup> July underspend of £3,860].

There have not been any factors arising since the last report that will change the outturn projection.

#### **Leisure and Culture**

- The projected net spend to 31<sup>st</sup> March 2007 is £3,668,710 compared to the initial budget approval of £3,622,080, a net overspend of £46,630 [Position at 31<sup>st</sup> July overspend of £110,340].
- Following the production of the last report the Director of Leisure has undertaken a spending review across all of the Leisure Service areas and the revised position is the results of that investigation. It is anticipated that some additional savings will be achieved by the end of the year and progress towards achieving a balanced budget will be reported when the nine-month position is reported early next year.

There are a number of reasons for the projected overspend which are detailed below: -

- As a result of the recent large price increases in gas and electricity, costs for the four leisure centres have increased significantly. It is anticipated that by the 31<sup>st</sup> March 2007 costs will exceed budgetary provision by about £43,000.

- The current projected overspend on the Locomotion budget of £21,300 reflects increases in electricity prices and employee costs. The Museum Manager is continuing to review the operations at Locomotion in order that the budget can be brought back within target by the 31<sup>st</sup> March 2007
- Progress has been made in bringing the bars & catering functions back on target, though they are still unlikely to achieve the income targets set during the original budget round for the operations within the four leisure centres. The revised position as at 30<sup>th</sup> September now indicates a shortfall of £11,500. A review is still being undertaken to resolve some of the issues affecting this service

### **3.2.3. Strong Communities**

#### **Housing General Fund**

- Projected net expenditure to 31<sup>st</sup> March 2007 is £615,570 compared to the original budget approved of £554,410 – an overspend of £61,160 [previous report £24,140]. The loss of interest receivable in respect of the repaid Home housing loans and the increased costs associated with the Homeless and domestic violence accommodation are the main reasons for the overspend

#### **Safer Communities**

- Projected net expenditure to 31<sup>st</sup> March 2007 is £863,350 compared to the original budget approved of £797,000 - an overspend of £66,350 (or 8.3%). The revised projection show a worsening situation from the figures reported at the four-month stage which projected an overspend of £44,850 as a result of a potential funding shortfall in respect of the Information Analyst's post.
- There is also a projected overspend on staffing costs in respect of the Neighbourhood Wardens, as a result of shift enhancements for weekend working and unsocial hours negotiated with the trade unions during the Job Evaluation process.

### **3.2.4. Prosperous Borough**

#### **Learning and Employment**

- Projected spend to the 31<sup>st</sup> March 2007 is £195,340 compared to a revised budget approval of £232,210; an estimated underspend of £36,870, this compares with the projected underspend of £63,340 which was reported in the last report.
- Apart from increases in the costs for the employees in the Economic Development Section arising from the filling of vacant posts and at the Shildon Business Centre there have been no other changes identified other than those reported in the previous report, which were: -
  - The income target for rental income in respect of the Shildon Business Centre are expected to be exceeded as a consequence of higher occupancy levels of the offices and the industrial units.
  - The income targets set for Industrial Estates will not be achieved even though occupancy levels are in excess of 90%. This is a result of rental incentives that have been offered to attract tenants; however as these incentives expire the rental stream should increase in future years

### **Social Regeneration and Partnership**

- Projected spend to the 31<sup>st</sup> March 2007 is £1,886,680 compared to a revised budget approval of £1,953,750; an estimated underspend of £67,070, compared with the underspend reported on the previous report of £11,550 which is wholly down to savings on employee costs.

### **3.2.5. Attractive Borough**

#### **Environment**

- The projected spend to the 31<sup>st</sup> March 2007 is £5,194,250 compared to a revised budget approval of £5,219,320; an estimated underspend of £25,070. [The reported position at 31<sup>st</sup> July was an overspend of £29,880].

The main reasons for the underspend shown above are detailed below after accounting for salary and other employee savings:-

- Staffing costs and increased transport costs in respect of the Refuse Collection Service now amount to an additional £13,000 and the Environmental Services Manager is still examining the reasons for the potential overspend with the aim of achieving a balanced budget by the 31<sup>st</sup> March 2007.
- Savings have been achieved on the Street Cleansing and Civic Pride budgets in respect of reduced transport / vehicle costs.

#### **Planning and Development**

- The projected spend to the 31<sup>st</sup> March 2007 is £349,590 compared to a revised budget approval of £467,750 an estimated underspend of £118,160. [Position at 31<sup>st</sup> July was an overspend of £29,880].
- Apart from an increase in the levels of savings arising from staffing vacancies there has been no other change in the factors contributing towards the overall underspend.

### **3.2.6. Contingency Sum & Virement**

In determining the Budget Framework for 2006-2007 the Council allocated the sum of £504,480 to meet the impact of Job Evaluation [£350,000] with the remainder set-aside to meet any unforeseen cost demands throughout the year [£154,480].

The contingency sum that was set-aside for Job Evaluation has been fully utilised by the services that were affected by the review.

- Cabinet has not received any further requests for use of the general contingency sum since the last report and the unused balance amounts to £59,960.
- There have been no requests received to date to Vire budgets between Portfolios or Service budgets within Portfolios.

### **3.3 Housing Revenue Account (HRA)**

The revised forecasted position to the 31<sup>st</sup> March 2007 of a small underspend of £94,000 is broadly in line with the original budget approved in February 2006 that projected a breakeven position.

The revised budget also assumes a use of HRA balances towards the first year costs of the Service Improvement Plan amounting to £100,000 and £300,000 towards the costs of additional DPA Works. The overall anticipated use of balances in 2006-2007 for revenue purposes is therefore approximately £306,000. In addition £500,000 is being used to support the HRA capital programme

The main factors that have been taken into account in preparing this financial position are: -

- An increase in net rental income after accounting for losses in respect of empty houses and a reduced bad debts provision. This is as a result in the downturn of Right to Buy Sales experienced in the first six months in the year.
- The budgetary position at the end of September 2006 indicates that the Housing Maintenance Budget will be overspent by around £75,000 which takes into account the current pressures on the budget. However the Director of Housing is carefully examining the current spending profile in order to see what action can be taken to mitigate the overspend position.
- The projections on the Carelink / Supporting People budgets which currently show an underspend of £70,000 are based on the current SP contract and, subject to the outcome of the current tender process could be the subject of additional costs falling onto the HRA. The outcome of the tender exercise is expected shortly and will be reflected in the next report.
- At this stage of the financial year it has been assumed that the balance on the Contingency sum after accounting for the costs of the job evaluation exercise will be fully utilised during 2006-2007.
- It has been assumed that the full amount of the revenue contribution will be required to support the HRA capital programme

### **3.4 Training and Employment Services**

The initial budget prepared for 2006/2007 predicted that the trading account would make an operating loss of about £138,000 [excluding asset charges] during the year. Current projections indicate that this forecast now amounts to only £60,000. The main reason for the significant improvement is done to the success in securing contracts for the provision of training adults who are securing re-entry into employment.

### **4. Further revenue developments during 2006-2007**

There have been no further funding awards received by the Council since Management Team considered the last report.

### **5. Annual Efficiency Savings**

The Council in line with Government targets is pursuing opportunities to ensure that efficiency savings in the region of £400,000 per annum are achieved over the three-year period 2005-2006 to 2007-2008. The target saving for the current financial year is £406,000, half of which must be in 'cashable' form.

The Council has a strong track record of reviewing its spending in order to identify administrative and efficiency savings as a key element of the budget and tax setting process. As part of the 2006-2007 budget framework, operational savings of £241,670 were identified in the revenue budget to provide support to achieving the 'cashable' savings target of £203,000.

Due to the fact that the above savings have been integrated into the revenue budget, the monitoring of these savings is being undertaken as part of the normal budgetary control monitoring and reporting arrangements. Therefore, progress is reflected in the overall position statement for each portfolio and these have been detailed in the main body of this report.

Overview and Scrutiny Committee 1 considered a comprehensive report on the Council's progress with the Efficiency Agenda on 10<sup>th</sup> October 2006. This report contained details of the Council's overarching strategy that has been developed for achieving efficiency gains and actual efficiency statements relating to 2004-2005, 2005-2006 and 2006-2007 submitted to the DCLG.

## **6. Collection Fund Surplus**

The Council as billing authority for council tax and non domestic rates purposes maintains on behalf of the authorities which precept on the Council a separate set of accounts known as the Collection Fund.

Whilst these accounts are not part of our normal budgetary control reporting arrangements any surplus or deficit on the fund has a direct impact on future council tax levels in the Borough. The balance on the collection fund as at 31<sup>st</sup> March 2006 was £758,000, £855,600 was used by Sedgefield Borough and the other Principal Precepting authorities to support council tax levels during 2006-2007. The projected surplus as at the 31<sup>st</sup> March 2007 is currently estimated to be in the region of £630,000 of which £145,000 represents this Council's share [compared with £200,000 for 2005-2006]. This estimated surplus is subject to fluctuation depending upon collection rates and levels of debt written off.

## **7. Revenue Reserves 2006-2007**

The Council held reserves totalling £11.828m at the 1<sup>st</sup> April 2006 [excluding the Collection Fund] with the budget framework report in respect of 2006-2007 assuming that £0.50m would be utilised in this financial year.

The Council has received £45,100 LABGI funding during 2006-2007 and as there have been specific requirements identified on which to spend this monies the funds have been added into Reserves.

Following the update of the Council's Medium Term Financial Plan 2006-2009 Cabinet approved a use of the Asset Management Fund to support the capital programme amounting to £100,000.

Attached at appendix 1 is a schedule detailing all of the Council's revenue reserves, which reflects the latest budget spending projections, outlined above. It is anticipated that reserves totalling £9.735m will be available to the Council at 31<sup>st</sup> March 2007. However the Council still has to deal with the issue of Equal Pay. The report on Job Evaluation considered by Cabinet on 2<sup>nd</sup> March 2006 made it clear that whilst Job Evaluation had been introduced Equal Pay was still outstanding. Discussions with the Unions and ACAS are ongoing and it is too early at this stage to indicate the likely cost of any claims to be met. Any claims that are finally agreed will need to be met directly from either the General Fund or Housing Revenue Account reserves.

## 8. Revenue Provisions 2006-2007

In approving the Annual Statement of Accounts by the Council for 2005-2006 in June 2006 the Director of Resources was given authority to create revenue provisions in the sum of £349,500 that would be utilised to meet specifically identified commitments in 2006-2007 for which no budgetary provision had initially been made.

In addition the Council has other revenue provisions amounting to £733,200 that relate to Revenue Grants which were unused at the 31<sup>st</sup> March 2006, most of these grants will be utilised during 2006-2007 to support the activities for which the grant was awarded, though in the case of the Planning Delivery Grant it is likely that the grant will not be fully utilised until at least 2008-2009.

The remaining provisions relate to premiums and discounts that have been incurred on debt rescheduling, they will be charged to revenue accounts over a number of years in accordance with approved accounting practices.

A full schedule of all the Provisions held is attached at appendix 2.

## 9. Balance Sheet Management

Current best practice recommends that Council's should consider reporting significant items from the "balance sheet", and in particular those items that may have a material impact on the Council if not reviewed on a regular basis.

CIPFA is issuing some official guidance on Balance Sheet Management later this month. This will be reviewed and if there are any areas that are not currently included within our reporting arrangements they will be incorporated at the earliest opportunity.

In the absence of any official guidance it is considered prudent to consider the following items until the CIPFA guidance becomes available

- **External Loan Debt** – monies borrowed by the Council.
- **Short Term Investments** – surplus cash invested by the Council.
- **Current Debtors** – sums owed to the Council in respect of Rents, Council Tax, Overpaid Housing Benefits, Mortgages and Accounts Receivable.

Performance Management arrangements closely monitor the above areas on at least a monthly basis to ensure that the Councils Treasury Management strategy is being adhered to in respect of the first two items and in respect of the last item debt recovery action is instigated where debts are not settled within expected time scales.

- **External loan debt**

- The value of loans outstanding at the 30<sup>th</sup> September 2006 was £18.660m, down from £18.679 at the 1<sup>st</sup> April 2006
- The current strategy does not anticipate any new borrowing in the current financial year and consequently external loan debt at 31<sup>st</sup> March 2007 is expected to have reduced to £18.641m, an overall reduction in the year of £38,000.
- Debt restructuring opportunities that arise throughout the year will be examined to reduce the Councils long term financing costs
- **Short Term Investments**
  - As at the 30<sup>th</sup> September 2006 the Council had £26.28m on short-term deposit with Financial Institutions. The original budget forecast of investment income was £1.310m, the current year-end projections indicate a small increase on the initial budget to £1.325m [previous report £1,346m] which has been taken into account in the forecast for Strategic leadership Portfolio shown above.
  - The Council will however actively pursue investment opportunities throughout the year in order to maximise investment returns taking into account the Treasury Management Strategy approved by Council in February 2006.
- **Current Debtors**
  - Recovery of all sums due to the Council promptly can have a significant material impact on the cash-flow of the Council and lead onto higher than expected investment returns as indicated above if it is actively managed.
  - As at the 31<sup>st</sup> March 2006 the Council recorded in its Annual Statement of Accounts that the amounts due from debtors amounted to £9.899m. [£10,225m for 2004-2005]. A proportion of this debt related to year-end grant claims, which is a normal position at this time of year and will be certified and paid as an outcome of the external audit process.
  - However some of the outstanding debt has to be actively managed to ensure that it is eventually collected and is not written off as a “bad debt”. As at the 30<sup>th</sup> September the following analysis is available [Appendix 3 attached provides a more detailed breakdown]. The previous report as at 30<sup>th</sup> June 2006 showed arrears outstanding of £7,792,244

<b>Type of Debt</b>	<b>Total Arrears</b>	<b>Current Arrears</b>	<b>Aged Arrears</b>
	£	£	£
Current Housing Rents	522,290	257,628	264,662
Former Tenants Housing Rents	890,404	-	890,404
Council Tax – Current year	2,469,106	838,464	1,630,642
Council Tax – Prior Years	2,218,412	51,324	2,167,088
Accounts Receivable	599,238	514,578	84,660
Housing Benefit Overpayments	471,911	196,065	275,846
Mortgages	1,063	1,063	-
<b>Total Outstanding debt</b>	<b>7,172,424</b>	<b>1,859,122</b>	<b>5,313,302</b>

Current arrears is debt less than 60days old & Aged arrears is debt older than 60days

- Housing Rent is a weekly charge on the property. The five area Housing Management teams manage current arrears with former tenants being managed by a centralised debt recovery team. All Teams work to an approved policy document which involves a number of stages culminating in seeking repossession where a current tenant fails to make arrangements to pay and referral to a Certificated Bailiff in former tenant arrears cases.
- Council Tax is an annual charge and the arrears above reflect those accounts where no arrangements have been agreed to collect the initial charge by instalments. When accounts fall into arrears Liability Orders are obtained from the Magistrates Court. Where this procedure fails to obtain settlement of the debt a range of other recovery processes are initiated including use of Certificated Bailiff and committal proceedings. Whilst the level of arrears looks high it must be taken in the context of the overall total debit raised since the introduction of Council Tax now exceeds £283 million, and as appendix 3 illustrates that the Councils collection rate is in excess of 99% of amounts due.
- Accounts Receivable debt can relate to any of the services that the Council provides. Debt recovery action is the responsibility of the department that provides the service and raises the initial invoice. If the department is unable to collect the debt the Director of Resources may refer the debt to a Certificated Bailiff for further recovery action.
- Housing Benefit overpayments usually arise where a person in receipt of benefit has failed to notify the Council of a change in circumstances that would effect their entitlement. If the claimant is still in receipt of benefit the overpayment is automatically recovered at the rate of £8.70 per week. Where the claimant is no longer in receipt of benefit or has vacated the property an accounts receivable invoice is sent to the person if a forwarding address is known. In instance where a former claimant moves back into the Borough and becomes eligible for benefit the debt is reinstated and recovered from on-going entitlement.
- Mortgages debt is all current arrears [i.e. less than 60 days old] and arrangements are in hand to recover the debt outstanding from the one debtor in arrears.

## 10. Training Issues

It is accepted by the Accountancy Section that financial training skill needs to be developed in respect of two specific areas:-

- *Users of the Agresso Financial Management System*
- *Budget Holders / Heads of Service*

The Council's financial management system (Agresso) is a complex piece of software and continues to be developed and upgraded. It is also very flexible in terms of its reporting capabilities and the management information available.

It is acknowledged that training for all accounts payable and accounts receivable users and authorisers of expenditure needs to be developed, as well as training for budget holders to enable them to make most efficient use of the reporting facilities available.



This will be particularly important as the 'Invoice Manager' module continues to be rolled out to all departments during the year, only the Housing department is still to implement the module. This will improve the Council's knowledge about procurement activities that are undertaken and allow more effective purchasing decisions to be made.

Using an external organisation could facilitate the development of a suitable training programme & associated training documentation, this would speed up the process and help the Council deliver a tailored made training programme. Research is currently being undertaken to determine likely organisations and costs, budgetary provision is already in place for such a project. Such an arrangement would help the Council's ICT trainer to provide the requisite training on an ongoing basis, which should resolve most of the problems currently being encountered. Once established a series of training updates could then be implemented as part of the Council's annual training programme.

Accountancy Services has already delivered a number financial training sessions for all Heads of Service and budget holders during 2006/07, with emphasis on budgetary control responsibilities. This training package will continue to be developed and delivered as required.

During 2004 the Council used the services of IPF Ltd. to deliver a course on Integrating Financial Planning And Three-Year Budget Forecasts. With the Government having now introduced three-year grant settlements, it is now considered appropriate to run this course again.

## **11. LINKS TO CORPORATE OBJECTIVES & VALUES**

The details contained in the report support the Council's corporate value of being responsible with and accountable for public finances.

## **12. RESOURCE IMPLICATIONS**

There are no further resource implications arising from this report.

## **13. CONSULTATIONS**

Comprehensive consultation has previously been held during the construction of the 2006/2007 Budget Framework. This report does not contain any proposals or recommendations requiring further consultation.

## **14. OTHER MATERIAL CONSIDERATIONS**

### **14.1 *Links to Corporate Objectives/Values***

The Council's Corporate Objectives and Values have guided the preparation of the 2006/07 Budget Framework throughout. Resource availability has been fully re-assessed and directed to assist in achieving the Council's key priorities as set out in the Corporate Plan. Particular emphasis has been placed on the following Corporate Values:-

- *Be responsible with and accountable for public finances.*
- *Consult with service users, customers and partners.*

### **14.2 *Risk Management***

There has been no further risks identified other than those highlighted in the report to Council on the 24<sup>th</sup> February 2006.

### **14.3 *Health and Safety***

Revenue Budgetary Control Report – Position at 30<sup>th</sup> September 2006

No additional implications have been identified.

#### 14.4 **Equality and Diversity**

No material considerations have been identified.

#### 14.5 **Legal and Constitutional**

The Budget Framework has been prepared in accordance with the Council's Constitution and full account has been taken of new statutory requirements, e.g. the new statutory minimum concessionary fares scheme. No other legal or constitutional implications have been identified.

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

### 15. OVERVIEW AND SCRUTINY IMPLICATIONS

Consultation and engagement with Overview and Scrutiny Committees has previously been held in development and review of the 2006/2007 Budget Framework.

**Contact Officer:** John Hawes (Accountancy Services Manager)  
**Telephone:** 01388-816166 Ext. 4358  
**E-Mail:** jhawes@sedgefield.gov.uk

**Ward(s):** Not Ward Specific

**Background Papers:**

- ~ Report to Council 24<sup>th</sup> February 2006 – Budget Framework 2006/2007.
- ~ Report to Council 24<sup>th</sup> February 2006 – Treasury Management Strategy 2006 -2007.
- ~ Report to Council 30<sup>th</sup> June 2006 -- Statement of Accounts 2005-2006
- ~ Report to Cabinet 14<sup>th</sup> September 2006 -- Revenue Budgetary Control Report – position at 31<sup>st</sup> July 2006

#### 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"/>

**BALANCES STATEMENT 2006 - 2007**

Appendix 1

	ACTUAL AT 31/3/06 £'000	CONTRIB. IN YEAR £'000	USE OF FUNDS £'000	EST. BAL. AT 31/3/07 £'000
<b><u>GENERAL FUND</u></b>				
70 406 : BUDGET SUPPORT FUND	1,721.5	0.0	(581.5)	1,140.0
70 407 : GENERAL FUND	2,240.3	0.0	0.0	2,240.3
70 413 : NON HRA HOUSING FUND	203.2	0.0	0.0	203.2
70 408 : INSURANCE FUND	1,236.6	0.0	(50.0)	1,186.6
70 409 : ASSET MANAGEMENT FUND	501.8	0.0	(100.0)	401.8
70 410 : ECONOMIC DEVELOPMENT FUND	183.3	0.0	(183.3)	0.0
70 411 : EMPLOYMENT TRAINING	458.4	0.0	(60.0)	398.4
70 412 : YOUTH DEVELOPMENT FUND	108.5	0.0	(108.5)	0.0
70 414 : ENERGY MANAGEMENT FUND	29.7	0.0	(10.0)	19.7
70 416 : OTHER MINOR FUNDS	20.6	6.0	0.0	26.6
70 417 : BUILDING CONTROL FUND	21.0	0.0	0.0	21.0
70 303 : LOAN DEBT SUPPORT FUND	456.1	0.0	(200.0)	256.1
<b><u>TOTAL GENERAL FUND</u></b>	<b>7,181.0</b>	<b>6.0</b>	<b>(1,293.3)</b>	<b>5,893.7</b>
<b><u>HOUSING REVENUE ACCOUNT</u></b>	<b>4,646.9</b>	<b>0.0</b>	<b>(806.0)</b>	<b>3,840.9</b>
<b><u>COLLECTION FUND</u></b>	<b>758.0</b>	<b>0.0</b>	<b>(855.6)</b>	<b>(97.6)</b>
<b><u>TOTAL RESERVES</u></b>	<b>12,585.9</b>	<b>6.0</b>	<b>(2,954.9)</b>	<b>9,637.0</b>

**PROVISIONS STATEMENT 2006 - 2007**

Appendix 2

	ACTUAL AT 31/3/06 £'000	CONTRIB. IN YEAR £'000	USE OF PROVISION £'000	EST. BAL. AT 31/3/07 £'000
<b><u>GENERAL FUND</u></b>				
70 302 : PREMIUMS - DEBT RESCHEDULING	458.6	0.0	0.0	458.6
70 304 : SURE START - FERRYHILL & CHILTON	(153.7)	0.0	0.0	(153.7)
70 305 : SURE START - SHILDON & AYCLIFFE	(188.6)	0.0	0.0	(188.6)
<b><u>70 301 : SPECIFIC YEAR END PROVISIONS</u></b>				
: CREDITED BACK TO REVENUE IN 2006/2007	(338.8)	0.0	338.8	0.0
<b>REVENUE GRANTS UNUSED BALANCES</b>				
: COMMUNITY EMPOWERMENT NETWORK	(12.2)	0.0	12.2	0.0
: SUPPORTING PEOPLE - HOMELESS SUPPORT	(32.5)	0.0	32.5	0.0
: NEW OPPORTUNITIES FUND	(7.7)	0.0	7.7	0.0
: PLANNING DELIVERY GRANT	(233.0)	0.0	233.0	0.0
: LOCAL ENTERPRISE GROWTH INITIATIVE	(64.2)	0.0	64.2	0.0
: SHILDON SURE START - FULL DAY CARE GRANT	(41.3)	0.0	41.3	0.0
<b><u>TOTAL GENERAL FUND</u></b>	<b>(613.4)</b>	<b>0.0</b>	<b>729.7</b>	<b>116.3</b>
<b><u>HOUSING REVENUE ACCOUNT</u></b>				
76 042 : PREMIUMS - DEBT RESCHEDULING	1,175.9	0.0	0.0	1,175.9
76 042 : DISCOUNTS - DEBT RESCHEDULING	(186.6)	0.0	0.0	(186.6)
76 044 : ICT - DECENT HOMES SOFTWARE	(10.7)	0.0	10.7	0.0
<b><u>TOTAL H.R.A</u></b>	<b>978.6</b>	<b>0.0</b>	<b>10.7</b>	<b>989.3</b>
<b><u>TOTAL PROVISIONS</u></b>	<b>365.2</b>	<b>0.0</b>	<b>740.4</b>	<b>1,105.6</b>

## OUTSTANDING DEBT AS AT 30th September 2006

<b>Current Housing Rents</b>	Current Position £	Position at 31st March 2006 £	Position at 31st March 2005 £
Total arrears			
- Houses, Bungalows & Garages	<b>482,466</b>	<b>502,240</b>	<b>461,193</b>
- Other charges [ HB overpayments etc.]	<b>39,824</b>	<b>81,106</b>	<b>146,923</b>
	<b>522,290</b>	<b>583,346</b>	<b>608,116</b>
Analyses as follows:-		Tenancies	Tenancies
- Less than £500 outstanding	257,628	3,248	5,471
- Between £501 & £1000 outstanding	117,882	166	189
- over £1000 outstanding	146,780	90	106
	<b>522,290</b>	<b>3,504</b>	<b>5,766</b>
		<b>3,945</b>	<b>3,945</b>

\* No. tenancies at 30th September 2006 = 8721

## Former Housing Tenants

	Current 2006-2007 £	Previous 2006-2007 £	2005-2006 £
- Total arrears at 31st March	<b>862,330</b>	<b>862,330</b>	<b>982,784</b>
- New Former Tenants since 1st April	136,933	64,658	224,300
- Cash Receipts since 1st April	(65,917)	(29,103)	(158,326)
- Total arrears written off at 31st March 2006	(42,942)	(42,942)	(186,428)
<b>- Total arrears</b>	<b>890,404</b>	<b>854,943</b>	<b>862,330</b>
	1864 cases	1800 cases	1777 cases

This page is intentionally left blank

### Appendix 3

#### Council Tax [ 2006-2007 ]

	2006-2007 £	2005-2006 £	Other Years £
Total Collectable Debit	<u>31,040,921</u>	<u>29,553,896</u>	<u>223,435,267</u>
Debt Written Off	-	2,288	511,566
Already Paid	15,039,774	28,626,138	221,402,380
<b>Debit Outstanding</b>	<b><u>16,001,147</u></b>	<b><u>925,470</u></b>	<b><u>1,521,321</u></b>
Instalments arranged	13,532,041	76,464	49,950
Reminders Sent	838,464	25,374	25,950
Final Notice issued	519,470	43,681	58,284
Liability Order Obtained	1,111,172	779,951	1,387,137
	<b><u>16,001,147</u></b>	<b><u>925,470</u></b>	<b><u>1,521,321</u></b>

# The Council has a full range of recovery procedures in respect of council tax and has a recovery rate well in excess of 99% in this area.

<b>Accounts Receivable</b>	Current £	Previous £
Value of invoices outstanding	<b>599,238</b>	<b>753,339</b>
Analysed as follows:-		
- Between 0 & 60 days	514,578	623,882
- Between 61 & 120 days	11,821	32,326
- Outstanding over 120 days	<u>72,839</u>	<u>97,131</u>
	<u>599,238</u>	<u>753,339</u>

<b>Housing Benefit Overpayments</b>	Current £	Previous £
Value of Overpayments Outstanding	<b>471,911</b>	<b>354,214</b>
Analysed as follows:-		
- recovery from on-going entitlement	196,065	134,020
- recovery by Invoice	<u>275,846</u>	<u>220,194</u>
	<u>471,911</u>	<u>354,214</u>

<b>Mortgages</b>	Current £	Previous £
Value of Mortgages Outstanding	121,714	135,188
total arrears outstanding*	<u><b>1,063</b></u>	<u><b>644</b></u>

\* All arrears is less than 60 days old

This page is intentionally left blank



# Item 8

## REPORT TO CABINET

16th NOVEMBER 2006

### REPORT OF HEAD OF FINANCIAL SERVICES

#### **BUDGETARY CONTROL REPORT 2006/2007**

#### **CAPITAL PROGRAMME EXPENDITURE AND FINANCING POSITION TO 30<sup>TH</sup> SEPTEMBER 2006**

##### **1.0 SUMMARY**

- 1.1 This report provides a review of the position on the 2006/2007 Capital Programme as at 30<sup>th</sup> September 2006. This is the second Capital Budgetary Control Report following the 2006/07 Budgetary Control Reporting Arrangements reported to Management Team on the 10<sup>th</sup> July 2006.
- 1.2 It includes an overview of progress made to date in meeting spending targets, including carry forward approvals from the 2005/06 capital programme, summarises the available capital resources for financing the programme and based on the estimated outturn, sets out the proposed financing of the programme in 2006/07.
- 1.3 The report also outlines developments that have occurred during the year to date that have an impact on the overall capital programme.

##### **2.0 RECOMMENDATIONS**

It is recommended that:

- (i) Management Team note the half year spend position to 30<sup>th</sup> September 2006 and proposed financing of the Capital Programme;
- (ii) Further reports be submitted to Management Team, Cabinet and all Strategic Working Groups detailing the position as at 31<sup>st</sup> December and final outturn as at 31<sup>st</sup> March in line with the Budgetary Control Monitoring Arrangements 2006/2007.

##### **3.0 CAPITAL SPEND AND RESOURCES MONITORING 2006/2007**

###### **Initial Spending Targets / Revised Capital Programme Budget**

- 3.1 The Capital Programme for 2006/2007 was approved by Council on the 24<sup>th</sup> February 2006 as part of the overall Budget Framework 2006/2007. The original net budget was set at £15,650,000 and allocated across all Council portfolios. The budget included £4,400,000 for the General Fund Programme, £7,800,000 for the Council Housing Programme and a £3,450,000 special provision for Major Regeneration Initiatives, to be financed from the capital receipts received in respect of the recent land sales in Newton Aycliffe.
- 3.2 The Capital Programme out-turn position for 2005/2006 was reviewed by Cabinet on the 29<sup>th</sup> June 2006. That report identified an underspend of £3.8

million on the 2005/2006 budget and a number of outstanding commitments totalling £1.98 million were identified for carry forward into 2006/2007. These carry forward requests were subsequently approved by Council on 30<sup>th</sup> June 2006, when revised spending targets were agreed.

- 3.3 An additional request was since received to re-phase the resources set aside for the 2006/07 Local Improvement Programme within the Major Regeneration Programme. The additional resources totalling £116,750 were detailed in the previous report and have now been approved by Cabinet.
- 3.4 The approved Capital Programme shows the use of the Council's own resources towards capital spending along with any grants already secured when the Budgets were approved.
- 3.5 However, the Council has traditionally been successful in securing significant levels of additional external funding towards its Capital Programme during the year in the way of government grant approvals, lottery funding and other grants and contributions. This has again proved the case during the first half of this year and the total or gross budget for capital spending is therefore significantly higher once this additional external funding has been taken into account.
- 3.6 The following table shows the original approved 2006/2007 Capital Programme, together with the carry forward commitments from 2005/2006. The table also shows all approved external funding secured to date and the total Gross Budget reflecting the total capital resources available for the year:

<b>Portfolio / Capital Programme</b>	<b>Original Approved Net Budget £'000</b>	<b>Approved Carry Forward £'000</b>	<b>Revised Net Budget £'000</b>	<b>Additional External Funding £'000</b>	<b>Gross Budget £'000</b>
<b>Strategic Leadership:</b>					
- ICT	900	635	1,535	20	1,555
- Green Lane	240	-	240	-	240
- Chilton Depot	90	16	106	-	106
- LPSA Initiatives	-	-	-	67	67
<b>Healthy Borough:</b>					
- Community Health	25	14	39	658	697
- Leisure and Culture	600	48	648	406	1,054
<b>Prosperous Borough:</b>					
- Social Regeneration	300	518	818	1,081	1,899
- Learning & Employment	300	281	581	555	1,136
- Major Regeneration	3,450	518	3,968	-	3,968
<b>Attractive Borough:</b>					
- Environment	70	-	70	36	106
<b>Strong Communities:</b>					
- Housing (HRA)	7,800	-	7,800	33	7,833
- Housing (General Fund)	1,800	-	1,800	115	1,915
- Safer Communities	75	67	142	55	197
<b>Total</b>	<b>15,650</b>	<b>2,097</b>	<b>17,747</b>	<b>3,026</b>	<b>20,773</b>

The original approved net budget already takes into account the following capital grants and allowances:-

	<b>£'000</b>
Major Repairs Allowance	5,043
Supported Capital Expenditure Allowance	213
Disabled Persons Facilities Grant	240
SHIP Grant	1,196
<b>Total</b>	<b>6,692</b>

Since, the budget was approved, a further £3 million of external funding has been secured as highlighted in the table above. More information and breakdown of this additional external funding, is detailed in the following section of the report, which sets out progress to date and any new developments on each individual Portfolio's Programme.

### **Progress on Capital Programme / Developments during 2006/2007**

- 3.6 This section of the report summarises the key issues and developments on each Portfolio's Capital Programme Budgets that have arisen since the original spending targets for 2006/07 were approved.

#### **Strategic Leadership**

A full breakdown of the ICT and Green Lane Capital Programme Budgets for 2006/07 was reported to Cabinet on 13<sup>th</sup> April 2006.

In addition to the approved carry forward of unspent commitments from 2005/06 of £635,000, the ICT Budget also benefits from the carry forward of unspent Integrated Support Unit (ISU) grant from 2005/06 of £20,000. This will be utilised in helping to fund the project management of this capital programme.

The Council will also benefit from the Local Public Service Agreement (LPSA1) Grant in 2006/07 and 2007/08 of which approximately £67,000 must be set aside for capital expenditure in each of the next two years. A report on how these resources will be utilised will be presented to Cabinet in due course.

#### **Healthy Borough - Community Health**

The Community Health Capital Programme Budget of £39,000 is set aside for Supporting Independent Living Initiatives.

The above budget includes an approved carry forward of unspent resources from 2005/06 of £13,700 which is to be used to provide match funding in respect of the County Assistive Technology Programme to Support Independent Living.

This will enable the Council to access the £350,000 Preventative Technology Grant, which is being administered by the Durham County Council Social Care and Health. A report on how these resources will be utilised will be presented to Cabinet once the arrangements for allocating and claiming grant have been put in place.

This Portfolio also includes the construction of the Sure Start Centres in Shildon and Newton Aycliffe which are being funded mainly from external grants and contributions. The Council is contributing £75,000 towards these projects and this contribution is being financed from the Major Regeneration Budget.

A significant proportion of the work in respect of this project was completed during 2005/06 and both buildings are now completed and in full operational use.

The external funding carried forward into 2006/07 includes £386,000 Sure Start Grant and £272,000 in respect of other contributions including Durham County Council and Sedgefield PCT towards the project. The funding will be used to meet outstanding contract payments, other works and retentions due in 2006/07 and 2007/08.

### **Healthy Borough - Leisure & Culture**

A detailed breakdown of the Leisure and Culture Capital Programme Budget was reported to Cabinet on 30<sup>th</sup> March 2006. The mainstream Leisure and Culture Budget of £647,650 is mainly set aside against asset management plan works in the four Leisure Centres.

Also included under this Portfolio is the Gymnastics Centre project at Spennymoor Leisure Centre, which was successfully completed and opened in 2005/06. However, the project is not yet financially complete and there are a number of outstanding costs and retentions that are due to be paid during 2006/07.

Any costs incurred in 2006/07 will be funded from a £150,000 contribution due from Competition Line, with the balance to be met from the Major Regeneration Initiatives Programme.

In addition, the Playground Equipment Programme, which is also being funded from the Major Regeneration Initiatives Budget, will continue throughout 2006/07. Projects are due to commence in a large number of locations throughout the Borough including Newton Aycliffe, Chilton, Tudhoe, Eldon and Trimdon. In addition to the allocation from the Major Regeneration Budget of £513,000, a bid has been made for funding from the Big Lottery Fund totalling £230,000. A decision on the outcome of this bid is expected shortly. This programme also benefits from a contribution from Groundwork of £25,000.

### **Prosperous Borough - Social Regeneration & Learning and Employment**

A detailed breakdown of the Social Regeneration and Learning and Employment Capital Programme Budgets (formerly Regeneration and Economic Development) was reported to Cabinet on 15<sup>th</sup> June 2006.

This Programme continues to benefit from significant levels of external funding.

Single Capital Programme Grant totalling £668,000 has been brought forward from 2005/06 in respect of the major schemes currently being undertaken in Spennymoor Town Centre. An allocation of £216,000 is also available in 2006/07 towards the major programme of works being undertaken on Aycliffe Industrial Park.

In addition, grants from the Countryside Agency and English Nature totalling £57,000 have been secured in respect of Countryside Management Initiatives

The Council will also benefit from Planning Delivery Grant (PDG) in 2006/07 of £116,000 including £44,500 unspent grant brought forward from 2005/06, which must be set aside for capital expenditure. A report on how these resources will be utilised will be presented to Cabinet in due course. During the current year, resources amounting to £50,000 will be spent on a document imaging system.

Significant match funding contributions have also been secured from Council partners such as Durham County Council and Groundwork East Durham and from the private sector in respect of specific capital schemes. These contributions total £579,200.

### **Prosperous Borough - Major Regeneration**

The development of this Capital Programme was delayed during 2005/06 pending the recruitment of the Regeneration Capital Programme Team within the Chief Executives Department and approval of the Regeneration Master Plan.

Significant progress has been made in recruiting relevant staff for the Section and the posts of Programme Manager, Programme Development and Appraisal Officer and Community Project Development Officer posts have now been filled. With the recruitment of the appropriate staff and approval of the Master Plan, it is now expected that significant progress on this Programme will now be made during the remainder of 2006/07.

The Programme Budget for 2006/2007 has been broken down into the following broad areas:-

Area Programmes and Strategic Investments	£1,713,000
Local Improvement Programmes	£1,267,000
Other Portfolio Schemes*	£751,000
Capital Programme Team	£237,000
<b>Total Budget</b>	<b>£3,968,000</b>

Further details on the Local Improvement Programme and Area Programmes and Strategic Investments were detailed in the reports to Cabinet on the 30<sup>th</sup> June 2005 and 8<sup>th</sup> December 2005.

\* *Playground Equipment Programme, Gymnastics Centre, Sure Start Centres*

### **Attractive Borough - Environment**

The Environment Capital Programme Budget of £70,000 is expected to be utilised mainly on the replacement of domestic and trade waste bins and the purchase of additional dog and litter bins.

The Council will also benefit from DEFRA grant funding in respect of recycling initiatives in 2006/07 and 2007/08, of which approximately £35,000 must be set aside each year for capital expenditure. A report on how these resources will be utilised will be presented to Cabinet in due course.

### **Strong Communities - Council Housing**

The significant areas of the Council Housing Capital Programme Budget of £7,800,000 for 2006/2007 were all designed to help the Council achieve the Government's Decent Homes Standard.

A report outlining how available housing capital resources are to be aligned to spending programmes in order to achieve the Decent Homes targets by 2010 was considered by Cabinet on 16<sup>th</sup> March 2006.

This Budget also benefits from funding from Scottish Power totalling £33,000 towards the costs of Cavity Wall Insulation works to Council Housing.

### **Strong Communities – Private Sector Housing**

A detailed breakdown of the Private Sector Housing Capital Programme Budget was reported to Cabinet on 13<sup>th</sup> July 2006.

The Private Sector Housing Capital Programme was significantly boosted this year by the approval of £1,196,000 from the Regional Housing Board's Single Housing Investment Pot (SHIP). The Council has also been awarded Disabled Facilities Grant (DFG) totalling £240,000. These grants were built into the original approved net budget of £1,800,000. A total of £1,416,000 SHIP funding has also been approved for 2007/08.

A detailed report was presented to Management Team in May 2006 highlighting how these resources will be utilised in tackling private sector housing suffering from market failure. Ferryhill Station, Dean Bank and Chilton have already been identified as three priority areas.

The Programme has since been increased by a further £15,400 unspent DFG brought forward from 2005/06 and a provision for repaid DFG's during the year of £100,000.

This Programme also benefited from an approval from the Council's Major Regeneration Initiatives Capital Budget totalling £1,600,000 for 2006/07 in respect of the delivery of the SHIP Masterplan, although it is anticipated that the majority of the works comprising the three year Masterplan will take place from 2007/08 to 2009/10 and that the full allocation from the Regeneration Budget will not be required this year.

### **Strong Communities – Safer Communities**

A report outlining the Safer Communities Capital Programme for 2005/06 to 2006/07, which was linked to the outcomes of a review of the CCTV service was reported to Cabinet on 16<sup>th</sup> February 2006.

Following on from the conclusions and recommendations of the review regarding the urgent investment required in relation to a replacement CCTV matrix and generator and the creation of a new secure plant room for the control room, Cabinet approved a revised Safer Communities Capital Programme Budget for 2005/06 and 2006/07 of £193,000.

Any unspent resources from 2005/06 would therefore form the basis of the 2006/07 Capital Programme. On this basis, the 2006/07 Budget is £142,000.

In addition, a contribution of £55,000 has been received from the Public Transport Group in respect of the installation of CCTV cameras at Newton Aycliffe and Bishop Auckland Rail Stations.

### Revised Capital Programme and Actual Spend to 30<sup>th</sup> September 2006

- 3.7 The adjustments explained above have resulted in a gross spending target of £20.766 million for 2006/07. A summarised statement of actual spend to 30<sup>th</sup> September 2006 across all portfolios is shown as follows:

<b>Portfolio</b>	<b>Revised Gross Budget £'000</b>	<b>Actual Gross Spend £'000</b>	<b>% Gross Budget Spent</b>
<b>Strategic Leadership:</b>			
- ICT	1,555	402	26%
- Green Lane	240	79	33%
- Chilton Depot	106	34	32%
- LPSA	67	-	0%
<b>Healthy Borough:</b>			
- Community Health	697	556	80%
- Leisure and Culture	1,028	624	61%
<b>Prosperous Borough:</b>			
- Social Regeneration	1,899	154	8%
- Learning & Employment	1,136	51	4%
- Major Regeneration	3,994	453	11%
<b>Attractive Borough:</b>			
- Environment	106	15	14%
<b>Strong Communities:</b>			
- Housing (HRA)	7,833	2,593	33%
- Housing (General Fund)	1,915	841	44%
- Safer Communities	197	120	61%
<b>Total</b>	<b>20,773</b>	<b>5,922</b>	<b>29%</b>

- 3.8 A gross total of £5.922m has been spent in the first six months to 30<sup>th</sup> September 2006 or 29% of the gross capital programme budget of £20.773m. (The position as at 31<sup>st</sup> July as per the previous report was expenditure of £4.4m or 20% of the gross budget). Limited progress has therefore been made over the last two months on meeting capital programme spending targets.
- 3.9 Due to the nature of capital projects it is difficult to predict exactly when financial payments will be made, unlike revenue budgets, which can be profiled fairly accurately. An accurate assessment of expected spending at this stage in the year cannot therefore be made. Capital spending has traditionally been concentrated in the latter half of the year, particularly in the last quarter, and this is again likely to be the case for 2006/07.

Some capital projects have significant lead-in times, major programmes of works may require a dedicated staffing resource and in other cases there may be a need to secure funding approval from other agencies before expenditure is incurred. All of these issues can all lead to delays in capital projects. As a result, it is anticipated that in some areas of the Programme, that spending targets may not be achieved. There is likely to be a requirement to carry forward resources to 2007/2008. The December Budgetary Control Report will

be able to provide a clearer picture of progress on the 2006/2007 Capital Programme.

- 3.10 In light of the substantial capital resources available as highlighted in paragraph 3.11 below, the Council will be able to maintain its flexible approach to managing the capital programme. As in 2005/2006, underspends on key capital projects, which have already commenced or been committed to during the year, will be able to be carried forward into 2007/2008.

### Capital Resources Available

- 3.11 Based on current projections the total level of capital resources likely to be available to finance this year's (and future years) Capital Programme are summarised in the table below. Capital resources are split between those brought forward from 2005/06 and those expected to be received in 2006/07:

<b>Available Capital Resource</b>	<b>Brought Forward Resources £'000</b>	<b>Received/ Anticipated In Year £'000</b>	<b>Total Anticipated Resources £'000</b>
<b>Capital Receipts:</b>			
- Right To Buys	2,311	1,770	4,081
- Housing Land Sales	12,824	3,025	15,849
- General Fund Receipts	16	575	591
- Section 106 Agreements	166	60	226
<b>Total Capital Receipts</b>	<b>15,317</b>	<b>5,430</b>	<b>20,747</b>
<b>Capital Grants:</b>			
- Single Programme	-	884	884
- SHIP	-	1,196	1,196
- DFG	15	240	255
- Lottery	-	230	230
- Sure Start	387	-	387
- Other Grants	20	275	295
<b>Total Capital Grants</b>	<b>422</b>	<b>2,825</b>	<b>3,247</b>
<b>Capital Contributions</b>	<b>107</b>	<b>1,109</b>	<b>1,216</b>
<b>Supported Capital Expenditure</b>	<b>-</b>	<b>213</b>	<b>213</b>
<b>Major Repairs Allowance (HRA)</b>	<b>-</b>	<b>5,043</b>	<b>5,043</b>
<b>Direct Revenue Financing (HRA)</b>	<b>-</b>	<b>1,744</b>	<b>1,744</b>
<b>Use of Asset Management Fund</b>	<b>-</b>	<b>100</b>	<b>100</b>
<b>Use of HRA Balances</b>	<b>-</b>	<b>500</b>	<b>500</b>
<b>Total Available Resources</b>	<b>15,846</b>	<b>16,964</b>	<b>32,810</b>

### Financing the Capital Programme



- 3.12 Assuming that revised spending targets are achieved at the year-end, and that the above capital resources are realised, the financing of the 2006/07 capital programme is likely to be as follows:

	<b>Initial 2006/07 £'000</b>	<b>Revised* 2006/07 £'000</b>
<b>Gross Capital Spending Target *</b>	<b>15,650</b>	<b>20,773</b>
<b>Financed by:</b>		
Government Allocations:		
- Supported Capital Expenditure	213	213
- Capital Grants and Contributions	1,400	4,463
- Major Repairs Allowance	5,043	5,043
Capital Receipts		
- General Fund	755	755
- Housing	2,145	3,687
- Regeneration	3,750	4,268
Direct Revenue Financing – HRA	1,744	1,744
Use of HRA Balances	500	500
Use of Asset Management Fund	100	100
<b>Total Resources</b>	<b>15,650</b>	<b>20,773</b>

*\* The target has been increased to reflect the approved carry forward from 2005/06 and the phasing in of additional grants and contributions secured in respect of specific capital schemes*

- 3.13 Assuming the revised spending targets are achieved, there would be unused capital receipts and other resources of around £12 million available at the end of the financial year which can be used to support future spending commitments which is broadly in line with estimations made in the Medium Term Financial Plan.

However, it should be noted that around £11 million of this figure relates to Housing Land Sales and must therefore be ring-fenced against capital schemes meeting the Regeneration or Affordable Housing definitions, leaving only £1 million available to support General Fund Programmes in later years.

Estimates of the future capital receipts and other resources available to fund Capital Programme requirements in 2007/2008 and beyond are detailed in the Medium Term Financial Plan.

#### **4.0 CORPORATE POLICY CONSIDERATIONS**

- 4.1 This report does not contain proposals that would require any changes to the Council's agreed policy framework and corporate objectives.

#### **5.0 RESOURCE IMPLICATIONS**

- 5.1 There are no further resource implications arising from this report.

#### **6.0 CONSULTATIONS**

6.1 Comprehensive consultation has previously been held during the construction of the 2006/2007 Budget Framework. This report does not contain any proposals or recommendations requiring further consultation.

## **7.0 OTHER MATERIAL CONSIDERATIONS**

### **7.1 *Links to Corporate Objectives/Values***

The Council's Corporate Objectives and Values have guided the preparation of the 2006/2007 Budget Framework throughout. Resource availability has been fully re-assessed and directed to assist in achieving the Council's key priorities as set out in the Corporate Plan. Particular emphasis has been placed on the following Corporate Values:-

- *Be responsible with and accountable for public finances.*
- *Consult with service users, customers and partners.*

### **7.2 *Risk Management***

There have been no further risks identified other than those highlighted in paragraph 3.9 and in the report to Council on the 24<sup>th</sup> February 2006.

### **7.3 *Health and Safety***

No additional implications have been identified.

### **7.4 *Equality and Diversity***

No material considerations have been identified.

### **7.5 *Legal and Constitutional***

The Budget Framework has been prepared in accordance with the Council's Constitution and full account has been taken of new statutory requirements. No other legal or constitutional implications have been identified.

## **8.0 OVERVIEW AND SCRUTINY IMPLICATIONS**

8.1 Consultation and engagement with Overview and Scrutiny Committees has previously been held in development and review of the 2006/2007 Budget Framework.

**Contact Officer:** Dan Austin (Principal Accountant)  
**Telephone No.:** 01388-816166 ext. 4492  
**E-Mail Address:** daustin@sedgefield.gov.uk

**Ward(s):** Not Ward Specific

### **Background Papers:**

- 1. Report to Council 24.02.06 Budget Framework 2006/2007**
- 2. Report to Council 30.06.06 Statement of Accounts 2006/2007**
- 3. Report to Management Team 10.07.06 – Budgetary Control Monitoring Arrangements 2006/2007**
- 4. Report to Cabinet 30.03.06 Culture and Recreation Capital Programme 2006/2007**
- 5. Report to Cabinet 13.04.06 Resource Management Capital Programme 2006/2007**

6. Report to Cabinet 13.04.06 ICT Capital Programme 2006/2007
7. Report to Cabinet 15.06.06 Regeneration Services Mainstream Capital Programme 2006/2007
8. Report to Cabinet 16.02.06 – Community Safety Capital Programme 2005/06-2006/07
9. Report to Cabinet 16.03.06 Housing Capital Programme and Repairs and Maintenance Service – Review of Future Programmes of Work and Procurement of Service 2006-2010
10. Report to Cabinet 13.7.06 - Private Sector Housing Capital Programme and Single Housing Investment Programme Round 2
11. Report to Cabinet 14.07.05 Children’s Fixed Play Equipment 2005-07
12. Report to Cabinet 08.12.05 Chief Executives Department Staffing Establishment – Strategy & Regeneration – Housing Land Capital Receipts Strategy
13. Report to Cabinet 30.06.05 Promotion of the Regeneration of the Borough – Housing Land Capital Receipts Strategy
14. Report to Cabinet 19.01-06 – Progress Report – Gymnastics Centre
15. Report to Cabinet 14.9.06 – Budgetary Control Report – Capital Programme Expenditure and Financing Position to 31<sup>st</sup> July 2006

#### 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"/>

This page is intentionally left blank

# Item 9

## SEDGEFIELD BOROUGH COUNCIL OVERVIEW & SCRUTINY COMMITTEE 2

Conference Room 1,  
Council Offices,  
Spennymoor

Tuesday,  
24 October 2006

Time: 10.00 a.m.

**Present:** Councillor J.E. Higgin (Chairman) and

Councillors W.M. Blenkinsopp, T.F. Forrest, D.M. Hancock, J.P. Moran,  
J. Robinson J.P, T. Ward and J. Wayman J.P

### **Tenant Representatives**

Mrs. M. Thomson

**Invited to attend:** Councillor M. Iveson and W. Waters

**In**

**Attendance:** Councillors A. Gray, J.G. Huntington, J.M. Khan and G. Morgan

**Apologies:** Councillors J. Burton, G.M.R. Howe, Ms. M. Predki and K. Thompson

### **OSC(2).13/06 DECLARATIONS OF INTEREST**

Members had no interests to declare.

### **OSC(2).14/06 MINUTES**

The Minutes of the meeting held on 12<sup>th</sup> September, 2006 were confirmed as a correct record and signed by the Chairman.

### **OSC(2).15/06 CCTV ARRANGEMENTS WITHIN THE BOROUGH**

A. Aitkin, Business Manager, attended the meeting to give a presentation on the provisions of CCTV equipment across the Borough. (For copy see file of Minutes). D. Scarr, Head of Community Services and Councillor M. Iveson portfolio holder for Safer Communities were also present to answer any questions.

Members were reminded that Overview and Scrutiny Committee 3 had undertaken a Street Safe Review beginning 17<sup>th</sup> September, 2004 concluding on 6<sup>th</sup> April, 2005.

The presentation detailed the scope and aims, findings and recommendations produced by the Review Group. It included the current CCTV platforms and cameras, pricing and charging structure and any investment that had been made for the future. It also considered the legislation and licensing laws that had to be followed, performance indicators that needed to be met and any developments to the service that were anticipated to be made in the future.

Detailed discussion was held regarding the type of cameras used and whether the Council worked in partnership to identify sites for the cameras. Members were informed that prior to cameras installation the Council worked with the Police, Town and Parish Councils and Neighbourhood Wardens to identify the best location.

With regard to costs the portfolio holder pointed out that alternatives were being considered to ensure that it was kept down and try and move away from BT, which was found to be most expensive.

Concerns were also raised regarding communication and the process followed when the system failed. D. Scarr explained that in the past when the system had failed, over a period of time, Town and Parish Councils had been refunded. A. Aitkin also distributed examples of the CCTV performance report that he produced for each area and was sent to all Town and Parish Councils to keep everyone informed. It was requested that all Borough Councillors also received the report.

Questions were finally raised regarding the revenue costs for the system and which Committee had considered and agreed the report. J. Slee, Scrutiny Support Officer agreed to look into the matter and feed back at the next meeting.

*AGREED : That the presentation be received.*

#### **OSC(2).16/06 PREPARATION OF THE ANNUAL OVERVIEW AND SCRUTINY REPORT**

Consideration was given to a report of the Chief Executive in relation to the preparation of the Annual Overview and Scrutiny report. (For copy see file of Minutes).

The Committee reviewed the work undertaken by Overview and Scrutiny Committee 2 throughout 2005/06 considered a suggested Action Plan for the Overview and Scrutiny function and review methods in order to improve the Overview and Scrutiny function.

The achievements that the Committee had progressed were also outlined in the report.

*AGREED :*

- 1. That the work undertaken during 2005/06 be noted.*
- 2. That the proposed Action Plan for 2006/07 be supported.*

#### **OSC(2).17/06 OVERVIEW AND SCRUTINY REVIEW GROUP REPORT - REVIEW OF ARTS DEVELOPMENT**

Consideration was given to a report of the Chairman of the Committee detailing Cabinet's response and Action Plan following its consideration and recommendations arising from work carried out by the Overview and Scrutiny Arts Development Review. (For copy see file of Minutes).

*AGREED : That the response of Cabinet to the recommendations of the Review together with the implementation timetable outlined be noted.*

**OSC(2).18/06 OVERVIEW AND SCRUTINY REVIEW GROUP REPORT - REVIEW OF TOURISM WITHIN THE BOROUGH**

Consideration was given to a report of the Chairman of the Committee detailing Cabinet's response and Action Plan following its consideration and recommendation arising from work carried out by the Overview and Scrutiny Review of Tourism within the Borough. (For copy see file of Minutes).

*AGREED : That Cabinet's response to the recommendation of the Review of Tourism within Sedgfield Borough together with implementation timetable outlined be noted.*

**OSC(2).19/06 GAMBLING ACT 2005 - DRAFT STATEMENT OF PRINCIPLES**

Consideration was given to a report of the Director of Neighbourhood Services detailing the Draft Statement of Principles. (For copy see file of Minutes).

Members were reminded that the Gambling Act 2005 had received Royal Assent on 7<sup>th</sup> April, 2005 and was due to be fully implemented on 1<sup>st</sup> September, 2007. Prior to its full implementation, it was explained that the Statement of Principles had to be put to public consultation before its consideration by Full Council no later than 3<sup>rd</sup> January 2007.

It was explained that under the new legislation the Gambling Commission and Local Authorities would share responsibilities for all matters regulated previously by the Magistrates Court. Responsibilities held by each authority were outlined in the attached report.

*AGREED : That following completion of the statutory consultation process a further report including any revisions of the Statement of Principles be submitted to Licensing Committee 2 for their consideration and that the Statement of Principles then be submitted to Cabinet.*

**OSC(2).20/06 DURHAM COUNTY COUNCIL HEALTH SCRUTINY SUB COMMITTEE**

The Minutes of the meetings held on 3<sup>rd</sup> July, 2006 and 5<sup>th</sup> September, 2006 were considered and noted. (For copy see file of Minutes).

**OSC(2).21/06 WORK PROGRAMME**

Consideration was given to a report of the Chairman of the Committee setting out the Committee's Work Programme for consideration and review. (For copy see file of Minutes).

The Committee was updated on the progress of each of the Review Groups, Provision of Affordable Housing and Leisure Centre Concessionary Pricing Scheme.

The Committee requested that an update on Locomotion including performance figures, budget and visitor information be presented at the next meeting. It was also suggested that the meeting be held at Locomotion and transport be provided to and from the venue.

- AGREED :**
1. *That the Committees Work Programme be approved with the inclusion of an update on the Locomotion.*
  2. *That the next meeting of Overview and Scrutiny Committee 2 be held at Locomotion.*

---

**ACCESS TO INFORMATION**

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Miss S. Billingham, Tel 01388 816166 Ext 4240, [sbillingham@sedgefield.gov.uk](mailto:sbillingham@sedgefield.gov.uk)



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank