

# CABINET

Thursday, 15 February 2007

10.00 a.m.

Conference Room 1,  
Council Offices,  
Spennymoor

# AGENDA and REPORTS

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**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 1<sup>st</sup> February 2007. (Pages 1 - 4)

### KEY DECISIONS

#### STRATEGIC LEADERSHIP PORTFOLIO

**4. BUDGET FRAMEWORK 2007/08**

- (a) Report of Director of Resources (Pages 5 - 16)
- (b) Overview & Scrutiny Committee 1 - 23rd January 2007 (Pages 17 - 20)
- (c) Overview & Scrutiny Committee 2 - 24th January 2007 (Pages 21 - 26)
- (d) Overview & Scrutiny Committee 3 - 25th January 2007 (Pages 27 - 32)

**5. TREASURY MANAGEMENT STRATEGY 2007/08**

Report of Director of Resources. (Pages 33 - 44)

#### HOUSING PORTFOLIO

**6. COMPENSATION PAYMENTS FOR RESIDENTS AFFECTED BY SELECTIVE DEMOLITION**

Report of Director of Neighbourhood Services. (Pages 45 - 48)

**7. CALL-OUT SERVICE FOR EMERGENCY HOUSING REPAIRS**

Report of Director of Housing. (Pages 49 - 54)

### OTHER DECISIONS

#### STRATEGIC LEADERSHIP PORTFOLIO

**8. DELEGATED AUTHORITY FOR THE CHIEF EXECUTIVE TO AMEND FORMAL ORGANISATION (STAFFING) STRUCTURES BELOW CHIEF OFFICER LEVEL**

Report of Chief Executive. (Pages 55 - 60)

**9. CONFERENCES**

Report of Chief Executive. (Pages 61 - 62)

#### HOUSING PORTFOLIO

**10. PRIVATE SECTOR HOUSING RENEWAL CAPITAL PROGRAMME 2006/07 - HAIG STREET GROUP REPAIR SCHEME**

Report of Director of Neighbourhood Services. (Pages 63 - 68)

## **SOCIAL REGENERATION AND PARTNERSHIP PORTFOLIO**

### **11. REGENERATION MAINSTREAM CAPITAL PROGRAMME**

Report of Head of Strategy and Regeneration. (Pages 69 - 74)

## **SCRUTINY REVIEW**

### **12. THE PROVISION OF AFFORDABLE HOUSING**

Report of Review Group. (Pages 75 - 102)

## **MINUTES**

### **13. OVERVIEW AND SCRUTINY COMMITTEES**

To consider the minutes of the following meetings:

(a) Overview and Scrutiny Committee - 16th January 2007 (Pages 103 - 106)

(b) Overview & Scrutiny Committee 3 - 30th January 2007 (Pages 107 - 112)

### **14. AREA 5 FORUM**

Minutes of the meeting held on 23<sup>rd</sup> January 2007. (Pages 113 - 116)

### **15. 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  
7<sup>th</sup> February 2007

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

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#### 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,  
1 February 2007

Time: 10.00 a.m.

**Present:** Councillor R.S. Fleming (Chairman) and  
  
Councillors Mrs. A.M. Armstrong, Mrs. B. Graham, A. Hodgson,  
M. Iveson, D.A. Newell, K. Noble and R.A. Patchett

**In Attendance:** Councillors W.M. Blenkinsopp, Mrs. B.A. Clare, A. Gray, B. Hall,  
D.M. Hancock, J.E. Higgin, J.G. Huntington, G. Morgan, Mrs. E.M. Paylor,  
A. Smith, Mrs. I. Jackson Smith, T. Ward and J. Wayman J.P

**Apologies:** Councillors W. Waters

### **CAB.141/06 DECLARATIONS OF INTEREST**

The following Councillors indicated that they would be declaring a prejudicial interest in the following items:

Councillor Mrs. A.M. Armstrong – Item No. 5 – Local Improvement Programme – Family/Community Support Area – Tudhoe Grange School – Governor of Tudhoe Grange School

Councillor A. Hodgson – Item No. 6 – Local Improvement Programme – Hackworth Park Tennis Courts Redevelopment – Board Member of Groundwork East Durham

Councillor K. Noble – Item No. 6 – Local Improvement Programme – Hackworth Park Tennis Courts Redevelopment – Board Member of Groundwork East Durham and Item No. 10 – NETPark – Proposed Land Disposal and Future Investment – Member of the Advisory Board of NETPark.

### **CAB.142/06 MINUTES**

The Minutes of the meeting held on 11<sup>th</sup> January 2007 were confirmed as a correct record and signed by the Chairman.

### **CAB.143/06 CAPITAL PROGRAMME 2007/08 (KEY DECISION)**

The Lead Member for Leisure and Culture presented a report seeking approval to begin the procurement process to source and install variable speed drives to Leisure Centre plant and machinery, which had been assessed to achieve a reduction in energy consumption of specific plant by up to 49%. (For copy see file of Minutes)

The anticipated installation costs of 38 variable speed drives was in the region of £129,000.

It was explained that by agreeing to the project in advance of the capital programme spending plans for 2007/08 for the Leisure and Culture portfolio, full year cost savings were more likely to be made.

- RESOLVED :**
- 1. That the procurement process to source and install variable speed drives begins immediately.*
  - 2. That a report outlining the Capital Programme spending plans for the Leisure and Culture portfolio in the 2007/08 financial year be submitted to Cabinet as soon as possible.*

**CAB.144/06 LOCAL IMPROVEMENT PROGRAMME - FAMILY/ COMMUNITY SUPPORT AREA - TUDHOE GRANGE SCHOOL**

**N.B. In accordance with Section 81 of the Local Government Act 2000 and the Members' Code of Conduct, Councillor Mrs. A.M. Armstrong declared a prejudicial interest in the above item and left the meeting for the duration of discussion and voting on the item.**

The Lead Member for Social Regeneration and Partnership presented a report regarding a Local Improvement Programme application from Tudhoe Grange for funding to provide children and families with a venue specifically designed for their use where they could access appropriate services confidentially (For copy see file of Minutes).

Members noted that the application had been supported by Area 1 Forum at its meeting on 11<sup>th</sup> December 2006.

- RESOLVED :** *That the application for Local Improvement Programme funds based upon the information provided be approved.*

**CAB.145/06 LOCAL IMPROVEMENT PROGRAMME - HACKWORTH PARK TENNIS COURTS REDEVELOPMENT**

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

**N.B. In accordance with Section 81 of the Local Government Act 2000 and the Members' Code of Conduct, Councillor K. Noble declared a prejudicial interest in the above item and left the meeting.**

Consideration was given to a report regarding a Local Improvement Programme application from Shildon Town Council to redevelop the existing tennis courts and improve access to the courts at Hackworth Park, Shildon. (For copy see file of Minutes).

Members noted that the application had been supported by Area 4 Forum.

*RESOLVED : That the application for Local Improvement Programme funds based upon the information provided be approved.*

**CAB.146/06 PROPOSED CREATION OF FOOD AND HEALTH CO-ORDINATION POST (FIXED TERM UPTO 31.3. 08)**

Consideration was given to a report regarding the proposed creation of a fixed term project based post, which was to be externally funded through the Neighbourhood Renewal Fund. (For copy see file of Minutes).

It was noted that the post would concentrate on partnership and project-based activity which would progress the twin agendas of Community Health Promotion and also link strongly with the Community Enterprise aspect of the Authority's and the Local Strategic Partnership's Prosperous ambitions.

*RESOLVED : That the creation of a fixed term project post to deliver the Food and Health Agenda be approved.*

**CAB.147/06 OVERVIEW AND SCRUTINY COMMITTEE 1**

Consideration was given to the Minutes of the meeting held on 9<sup>th</sup> January 2007. (For copy see file of Minutes).

*RESOLVED : That the Committee's recommendations be noted and appropriate action be taken.*

**CAB.148/06 AREA FORUMS**

Consideration was given to the Minutes of the following meetings:

Area 2 Forum	-	9 <sup>th</sup> January 2007
Area 3 Forum	-	10 <sup>th</sup> January 2007
Area 4 Forum	-	16 <sup>th</sup> January 2007

(For copies see file of Minutes)

*RESOLVED : That the reports be received.*

**EXCLUSION OF PRESS AND PUBLIC**

*RESOLVED: That in accordance with Section 100(a)(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following item of business on the grounds that it may involve the likely disclosure of exempt information as defined in Paragraph 3 of Schedule 12a of the Act.*

**CAB.149/06 NETPARK: PROPOSED LAND DISPOSAL AND FUTURE INVESTMENT (KEY DECISION)**

The Leader of the Council presented a report seeking approval for the Council to contribute resources towards a number of key projects at Netpark. (For copy see file of Minutes).

*RESOLVED : That the recommendations detailed in the report be adopted.*

**Published on 2<sup>nd</sup> February 2007**

**Any key decisions contained in these Minutes will be implemented on Monday 12<sup>th</sup> February 2007 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.**

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**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



# Item 4a

## KEY DECISION

## REPORT TO CABINET

15<sup>TH</sup> FEBRUARY 2007

## REPORT OF DIRECTOR OF RESOURCES

**Portfolio: STRATEGIC LEADERSHIP**

### **BUDGET FRAMEWORK 2007/08**

#### **1.0 SUMMARY**

- 1.1 Cabinet at its meeting on 11<sup>th</sup> January 2007, approved a budget framework for 2007/08 upon which the Council's three Overview and Scrutiny Committees and Council Tax Focus Group were to be consulted in accordance with a timetable previously approved.
- 1.2 The consultation period has now ended and this report summarises the views expressed by the various consultees. Having considered these views, Cabinet will be required to make recommendations to Council regarding the final Budget Framework for 2007/08 in line with the details contained in **Appendix 3**.

#### **2.0 RECOMMENDATION**

- 2.1 That consideration be given to the views and comments made in this report and that Cabinet recommends the 2007/08 Budget Framework, as outlined, to the Council.

#### **3.0 BUDGET FRAMEWORK 2007/08**

##### **3.1 Feedback from Overview and Scrutiny Committees**

- 3.1.1 All three Overview and Scrutiny Committees have been consulted with regard to their related Portfolio areas and all support the Budget proposals as outlined in Appendix 1 of the report

##### **3.2 Feedback from Council Tax Focus Group**

- 3.2.1 Following a consultation event with the Council Tax Focus Group in January, the Council's market research consultant – Norma Wilburn Associates, has independently prepared a detailed report and Executive Summary. The Executive Summary is attached at **Appendix 2**.
- 3.2.2 As set out in the report, the main aim of the consultation was to:
  - Review the Council's aims and objectives in light of the available resources and public opinion
  - Seek views on the service improvement proposals currently being developed;
  - Identify the services important to the Consultees.

3.2.3 Overall 77% of the participants either “strongly agreed” or “agreed” with the overall budget proposals. No one “disagreed” with the proposals but 23% of the participants said they were “not sure” or “did not know” the extent of their agreement / disagreement with the proposals.

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

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

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

Briefings on the budget have been delivered to both the Residents Federation and the Tenants Housing Services Group. At the meeting of the Tenants Housing Services Group particular emphasis has been placed on the continued changes to rent structures and the impact from April 2007. Furthermore all tenants will be informed as to the impact of these changes on individual rent levels.

## **4.0 RESOURCE IMPLICATIONS**

4.1 The financial implications are summarised in **Appendix 3** attached to this report and full details of the 2007/08 budget will be set out in the final budget report to Council on the 27th February 2007.

## **5.0 CONSULTATION**

5.1 Consultation on the Budget Framework 2007/08 has been comprehensive as indicated in the main body of the report.

## **6.0 OTHER MATERIAL CONSIDERATIONS**

### **6.1 *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.*

## 6.2 **Risk Management**

The Budget Framework 2007/08 has been prepared on a low risk basis to ensure that the Council effectively balances levels of service provision / spending on services with sustainable income levels to assist in achieving the Council's ambitions. Provision has been made for the anticipated costs of pay awards as well as the stepped increase in the Council's contribution to the Pension Fund in accordance with the last Actuarial Valuation. Known inflationary impacts such as higher fuel charges have also been taken into account, as has the loss of some external funding streams.

Members have previously been advised that the Council faces a number of equal pay claims which will need to be met from either General Fund or Housing revenue Account reserves at some stage in the future. Experience at other Councils indicates that the cost of such claims continue to grow as claims are pursued through Employment Tribunals. Whilst it is difficult to assess the potential costs to be faced by the Council our reserves are being maintained at such a level which should allow the Council to meet its commitments without any impact on future service provision.

## 6.3 **Health and Safety**

No additional implications have been identified.

## 6.4 **Equality and Diversity**

No material considerations have been identified.

## 6.5 **Legal and Constitutional**

The Budget Framework has been prepared in accordance with the Council's Constitution.

## 6.6 **Other Material Considerations**

No other material considerations have been identified.

## 7.0 **OVERVIEW AND SCRUTINY IMPLICATIONS**

7.1 Full consultation and engagement has been undertaken with all three Overview and Scrutiny Committees and the implications for the Budget Framework 2007/08 have been noted in the main body of this report.

## 8. **LIST OF APPENDICES**

**Appendix 1** - Minute from Overview and Scrutiny Committees-23/25 January 2007.  
Full set of the minutes of the meetings of the Overview and Scrutiny Committees are attached to the agenda at 4b to 4d

**Appendix 2** - Executive Summary from the Consultation Workshop on 13 January 2007

**Appendix 3** - Summary of 2007/08 Budget Recommendations

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**Telephone:** 01388-816166 ext. 7776  
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## BACKGROUND PAPERS

1. Final Revenue Support Grant Settlement, Housing Subsidy Determinations and Capital Allocations received from the Department of Communities and Local Government.
2. Budget Framework 2007/08 Report to Cabinet 11<sup>th</sup> January 2007.

## Examination by Statutory Officers

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

**CONSULTATION WITH OVERVIEW AND SCRUTINY COMMITTEES ON  
BUDGET FRAMEWORK 2007/08**

**OVERVIEW AND SCRUTINY COMMITTEE 1 HELD ON TUESDAY, 23<sup>TH</sup> JANUARY  
2007**

**STRATEGIC LEADERSHIP PORTFOLIO**

*RECOMMENDED:*

1. *That the budget proposals in relation to the Strategic Leadership Portfolio for 2007/08 be approved.*

**OVERVIEW AND SCRUTINY COMMITTEE 2 HELD ON WEDNESDAY, 24<sup>TH</sup> JANUARY  
2007**

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

*RECOMMENDED:*

1. *That the budget proposals in relation to Culture and Recreation, Housing and Supporting People Portfolios for 2007/08 be approved.*

**OVERVIEW AND SCRUTINY COMMITTEE 3 HELD ON THURSDAY, 25<sup>TH</sup> JANUARY  
2007**

**'HOUSING GENERAL FUND, LEISURE AND CULTURE, COMMUNITY HEALTH,  
HOUSING REVENUE ACCOUNT AND SAFER COMMUNITIES PORTFOLIOS'**

*RECOMMENDED:*

1. *That the budget proposals in relation to the Housing General Fund, Leisure and Culture, Community Health, Housing Revenue Account and Safer Communities Portfolios for 2007/08 be approved.*

**Budget Priorities and Expenditure Proposals**  
**Report of Consultation Workshops-January 2007**

**Executive Summary**

- 1 On the 13<sup>th</sup> January 2007 fifty nine members of the Sedgefield Borough Council Citizens' Panel attended a workshop at the Council Offices. The purpose of the consultation was to review the Council's aims and priorities in light of the available resources and public opinion, outline the service improvement proposals currently being developed and identify the services important to panel members attending.
  
- 2 Following an introduction and presentation from the Chief Executive, all participants attended two out of four available workshops on the Council's over-arching aims. Each workshop commenced with a presentation from a senior officer of the Council and was followed by a discussion amongst panel members. The following is a brief summary of the key issues emerging from the workshops:

***Strong Communities***

- 3 Expectations were that there would be more in the proposals about building and sustaining communities of people. This was not because they felt that securing quality sustainable housing and promoting safer neighbourhoods were unimportant. The concern was that housing, although extremely important, does not develop strong communities without some support of the people who live in the neighbourhoods.
  
- 4 The groups were deeply concerned about their perception that there is a lack of 'affordable' private housing in the Borough. The building of new homes also was a cause of concern as participants felt that there was insufficient infrastructure in respect of schools, health services, transport links, etc., to support the increase in numbers in the population.
  
- 5 Participants welcomed the Council's commitment to promoting safer neighbourhoods and were of the view that they could see how some areas had

improved, but that they were aware that there were still some 'no go' areas in the Borough. Concern was expressed about the emergence of racist behaviour in Chilton and felt that the Council should become involved in the development of positive intercommunity relationships.

### ***A Healthy Borough***

- 6 Participants in the two workshops on 'A Healthy Borough' felt that their expectations would include the provision and promotion of sports facilities both structured and unstructured which were in part covered in the Council proposals, and also the promotion of wider healthy living in terms of lifestyle and eating habits, which were felt to be less well addressed by the Council proposals.
- 7 Although generally participants felt that increasing sport participation was a reasonable aim, there was some concern about the focus on general 'percentage increase' rather than considering the groups of people in the area (aging population, ex-miners etc) and what would be a reasonable level of activity to expect.
- 8 In terms of performance targets, generally participants were in favour of the proposed increases in physical activity, particularly in relation to increase sports participation in school age children/young people. A number of people were concerned however by the emphasis placed on statistical increases.
- 9 Respondents also felt that the one target group who were neglected in particular were working adults in the 25-55 years age group. Participants felt that when planning facilities the Council should take into account the need to open outside of business hours to allow working people to use them. Participants felt that there was a particular need to provide fitness opportunities which are attractive to children and teenagers to draw children into out of school sports.
- 10 Although participants were generally in support of and impressed by the new developments proposed, one key issue raised was the need not just to provide the facilities but also to promote what is available in a variety of ways.
- 11 A number of respondents also felt that it was key to understand that people from different financial/social backgrounds had different 'healthy living' needs. It

is not enough to simply build leisure facilities in poorer areas and expect residents to use them, the facilities also need to be affordable to those on a restricted budget.

### **A Prosperous Borough**

- 12 The Council's priorities generally met the expectations of participants and general support was given for the proposals for activities being undertaken by the Council. However, concern was expressed at the downward spiral of the local manufacturing industry.
- 13 The possible need was identified for very large investments which may require the demolition and rebuilding of the **town centre shopping areas**. In this case it was suggested this could possibly better be achieved by private partnerships. The local success of both Dalton Park and a regeneration project undertaken by Tesco were both praised, with the suggestion that these types of partnerships should be considered.
- 14 The Council's involvement with training for industry was generally well supported with some expressing the view that the Council should work in partnership with the larger colleges.
- 15 Groups supported the Council's efforts in setting up businesses. Areas identified where it was felt more support should be provided included assistance in the provision of premises and starter units.
- 16 The aspect of encouraging the establishment of company's R&D and local headquarters to help retain the production facility through the knowledge economy was accepted as a good idea by the groups. It was felt that this would require a lot of work to tidy up areas so that R&D functions would be happy to move to the area.
- 17 Support for transition from benefits to work was supported by the groups, particularly the provision of support for people with disabilities.
- 18 The process of identifying and prioritising issues for inclusion in the Council's 2007/8 spending plans was accepted as meeting the needs of the Borough in a



flexible manner. It was suggested that the 'return on investment' was used as the main criteria for selection from the candidate schemes.

### **An Attractive Borough**

- 19 Expectations of participants in respect of An Attractive Borough were that there would be improved street cleansing and this was included in the proposals.
- 20 Participants felt that the priorities for expenditure should include the development of recycling and waste reduction with the public being facilitated to reduce their use of natural resources and to increase recycling, not just the amount of recycling but the type of materials being recycled. Future recycling requirements included recycling of plastics and cardboard, recycling tyres and the inclusion of recycling requirements when developing the procurement policies. In addition participants asked about the Council's investigations into how other countries deal with recycling and whether there were plans to introduce charges for recycling services.
- 21 Participants suggested that there is a need for the formulation of plans to deal with the implications of the smoking ban in July to avoid the problem of littering streets with cigarette ends when people stand outside buildings to smoke.
- 22 Participants were of the view that the process adopted by the Council in determining priorities was 'fine' but they would like to see a timetable of the planned actions and be assured that the Council will 'listen' to proposals for additions or for change. In addition it was felt important that the Council work with outlying areas and in conjunction with other authorities.

### **Overall Agreement with the Council's Proposals**

- 23 Over three quarters either 'strongly agreed' with the overall budget proposals, (18%), or 'agreed' with them, (59%), (total agreement = 77%). No one disagreed with the proposals but 23% of participants said that they were not sure or did not know the extent of their agreement/disagreement with the proposals.

## SUMMARY OF 2007/08 BUDGET RECOMMENDATIONS

## GENERAL FUND

<u>Spending:</u>	<u>Target Budget</u> £	<u>Financed by:</u>	£
<i>Strategic Leadership</i>	1,901,610	<i>Revenue Support Grant</i>	9,601,288
<i>Healthy Borough</i>		<i>Collection Fund Surplus</i>	150,000
<i>Culture and Leisure</i>	3,839,790		
<i>Community Health</i>	141,460		
<i>Attractive Borough</i>			
<i>Environment</i>	5,672,600		
<i>Planning and Development</i>	499,240	<b><i>Council Tax Demand</i></b>	<b>4,866,772</b>
<i>Strong Communities</i>			
<i>Private Sector Housing</i>	601,100		
<i>Safer Communities</i>	829,150		
<i>Prosperous Borough</i>			
<i>Social Regeneration</i>	2,030,320		
<i>Learning and Employment</i>	207,790		
<i>Less Salary Savings</i>	(405,000)		
<b><i>Gross Spending</i></b>	<b>15,318,060</b>		
<i>Less Use of Balances</i>	(700,000)		
<b><i>Net Spending</i></b>	<b>14,618,060</b>	<b><i>Net Spending</i></b>	<b>14,618,000</b>

This equates to an increase in Band D Council Tax from the current level of **£180.87** to **£186.11** - an increase of **£5.24** per year or **2.9%**.

## HOUSING REVENUE ACCOUNT

Total spending on Housing Revenue Account [HRA] services amounts to **£27.69m**. This includes funding of **£7.198m** towards the Housing Capital programme as follows:-

- Major Repairs Allowance of **£5.061m**
- Direct Revenue Support from rents of **£1.637m**
- A contribution from HRA reserves of **£0.5m**.

The overall HRA Capital programme of **£8.4m** is financed by using **£0.989m** from Regeneration Receipts and a Supported Capital Expenditure Approval of **£0.213m**.

Included in the spending total above is a payment of **£ 3.7m** which will be made to the DCLG and used by the Government to support national housing priorities, an increase of **£982,700** over 2006/07.

The increase in Housing Rents is in line with the Government guideline of **3.6%+0.5% + £2.00** adjustment for rent restructuring. This will have the impact of increasing the average rent by £2.68 per week to £56.25 over 47 weeks. Individual rent changes will

range from 2.58% to 7.59% with the overall average rent increase on the Housing Revenue Account being 5%.

In addition to the significant increase in rent levels, heating charges for those tenants in grouped accommodations and flats served by a communal heating scheme will also need to increase in 2007/08. As a result of increase in energy prices the charges will need to rise significantly over the next few years and for 2007/08 a 25% increase will be applied. This will not recover all of the additional costs incurred by the Council. However due to the exceptional level of increase seen in fuel prices it is felt a staged increase is more appropriate. For those tenants who live in the Grouped Accommodation schemes who are in receipt of Housing Benefit they will be able to receive some relief an element of the charge in respect of the communal areas is now eligible for Benefit.

## CAPITAL PROGRAMME

The overall Capital Programme for 2007/08 has been set at **£20m** of which **£8.4m** is for the Housing Capital Programme and **£11.6m** is for General Fund projects of which **£6.2m** for has been earmarked for Major Regeneration Initiatives.

Further reports to Cabinet will be prepared setting out programmes of work for each Portfolio in accordance with the target figures as follows:-

<u>Capital Programme</u>	<u>Target Budget £000</u>	<u>Financed by:</u>	<u>£000</u>
<i>Strategic Leadership:</i>			
<i>Vehicles and Plant</i>	30	<i>Major Repairs Allowance</i>	5,061
<i>Chilton Depot</i>	50	<i>Disabled Facilities Grant</i>	150
<i>Green Lane</i>	350	<i>SHIP Funding</i>	1,416
<i>ICT</i>	770	<i>Use of Capital Receipts:</i>	
<i>Contingency Sum</i>	200	<i>HRA</i>	2,139
		<i>General Fund</i>	1,555
<i>Healthy Borough</i>		<i>Direct Revenue Financing</i>	1,637
<i>Leisure and Culture</i>	715	<i>Regeneration</i>	7,229
<i>Community Health</i>	70	<i>Use of Balances-HRA</i>	500
		<i>-GRF</i>	100
<i>Attractive Borough</i>		<i>Asset Management Fund</i>	100
<i>Planning and Development</i>	120	<i>Supported Capital Expenditure</i>	213
<i>Environment</i>	20		
<i>Strong Communities</i>			
<i>Private Sector Housing</i>	2,335		
<i>Council Housing</i>	8,400		
<i>Prosperous Borough</i>			
<i>Social Regeneration</i>	400		
<i>Learning and Employment</i>	200		
<i>Major Regeneration Initiatives</i>	6,240		
<b>Total Capital Programme</b>	<b>20,000</b>		<b>20,000</b>

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# Item 4b

## SEDGEFIELD BOROUGH COUNCIL OVERVIEW & SCRUTINY COMMITTEE 1

Council Chamber,  
Council Offices,  
Spennymoor

Tuesday,  
23 January 2007

Time: 10.00 a.m.

**Present:** Councillor A. Gray (Chairman) and

Councillors Mrs. K. Conroy, Mrs. J. Croft, B. Hall, J.G. Huntington,  
J.M. Khan, B. Meek, G. Morgan, Mrs. E.M. Paylor, J.K. Piggott and  
Mrs. I. Jackson Smith

**Invited to attend:** Councillor R.S. Fleming

**In**

**Attendance:** Councillors Mrs. B.A. Clare, V. Crosby, Mrs. A.M. Fleming, R.S. Fleming,  
T.F. Forrest, Mrs. B. Graham, G.C. Gray, Mrs. J. Gray, D.M. Hancock,  
J.E. Higgin, Mrs. L. Hovvels, J.P. Moran and A. Smith

**Observer with Chairman's consent:** Councillor Mrs. B. Graham

**Apology:** Councillor G.W. Scott

**OSC(1).31/06 DECLARATIONS OF INTEREST**  
Members had no interests to declare.

**OSC(1).32/06 BUDGET FRAMEWORK 2007/08**

Consideration was given to Cabinet's initial budget proposals in respect of the Strategic Leadership portfolio. Members gave detailed consideration to a report setting out the basis of the proposals and in particular the proposed changes in service provision for the Strategic Leadership portfolio. (For copy see file of Minutes).

The Cabinet Member with responsibility for the Strategic Leadership portfolio had been invited to attend the meeting in order to respond to questions from the Committee.

The Cabinet had agreed its initial budget on 11<sup>th</sup> January, 2007 (Minute No : CAB.132/06 refers) and as part of the budget setting procedure Overview and Scrutiny Committee had been asked to consider the proposals with a view to making recommendations to Cabinet before it made its final budget proposals to Council.

The Committee noted detailed budgets had been prepared based on inflation and price increases as outlined in the report.

It was explained that the Council had been provisionally notified that it would receive £9,601,288 of external Government support for 2007/08. The grant settlement which was broadly in line with expectations showed a year-on-year increase of 5.1% or £468,000 including the base adjustments in accordance with the distribution framework.

It was pointed out that no indicative grant figures had been provided for 2008/09. During the coming Summer the Government would be announcing the results of its Comprehensive Spending Review for the three year period 2008/09 to 2010/11 which was expected to be a particularly difficult period for local government with much tougher efficiency targets being imposed.

The budget framework for 2007/08 reflected the Council's key priorities set out in the Corporate Plan and took account of financial issues and pressures including the significant increase in the pay costs to be incurred by the Council and fuel price inflation.

Its was reported that there would be little scope for further additional growth in spending in later years. Furthermore, all areas of Council spending were expected to continue to contribute to the achievement of efficiency gains. Over the next two years efficiency savings in the order of £750,000 must be achieved to maintain spending levels and keep Council Tax increase low as the use of the Budget Support Fund was withdrawn.

It was explained that careful planning of the budget meant that the commitment made in the Medium Term Financial Plan to restrict Council Tax increases to 2.9% could be delivered in 2007/08. The substantial additional investment in Council services would add £5.24 per year or 10p per week to Band D Council Tax. The cost to the Band A taxpayer would be £3.50 per year or 7p per week.

It was pointed out that in the light of the level of resources available to the Council it would be possible in 2007/08 to launch the biggest Capital Spending Programme ever proposed by the Council since its inception in 1974 amounting to a minimum of £20m which would increase further as schemes attracted external grant funding.

Members noted the overall position in relation to the Capital and Revenue proposals for the Strategic Leadership portfolio.

It was explained that although there were no significant changes to the levels of service provision, funding had been provided to address the recommendations Members' raised through the Overview and Scrutiny Review of Sickness Management. External funding through the Local Public Service Agreement was also available to strengthen Sickness Management arrangements.

It was noted that the overall levels of capital charges had been reviewed to take into account the impact of debt rescheduling, expected rate of interest and level of balances and capital receipts. Provision had also been made to meet additional revenue costs associated with new ITC systems.

Reference was made to the recommendation from the recently concluded Overview and Scrutiny Review of the Council's Community Newspaper – Inform.

Details of the Council's overall General Fund Revenue Budget were attached to the report.

Reference was made to the Strategic Leadership Capital Programme. It was explained that a total Capital Programme budget of £1.4m had been set for the Strategic Leadership portfolio. This included provision for Capital Programmes in respect of asset management plan works at Green Lane and Chilton Depot buildings and continued investment in ICT.

A summary of the Capital Programme Budget was attached to the report.

Discussion took place in relation to the Local Government Pension Scheme. In response to a Member's question it was explained that this was a statutory scheme that should be self financing. However over the years the funds had reduced and the scheme no longer had sufficient funds available. The Government had implemented a 22 year recovery plan, which was reviewed every three years, in order to address this issue.

It was noted that the Government had proposed major changes to the current pension scheme in an attempt to make it sustainable.

Members' sought clarification regarding the issue of equal pay. It was explained that although the job evaluation exercise ensured an equitable pay structure, it was anticipated that a number of equal pay claims may be made against the Council.

It was questioned whether the Council had achieved efficiency savings of 2.5%. It was explained that efficiency savings of 2.5% had been made in 2005/06 and the Council was on target to make the same efficiency savings in 2006/07.

Members expressed concern that the budgets were set before the pay settlement was agreed. It was noted that timescales were set nationally. Sedgfield Borough Council had little influence over timescales.

**RECOMMENDED :**     *That the budget proposals in relation to the Strategic Leadership portfolio for 2007/08 be approved.*

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**ACCESS TO INFORMATION**

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Mrs. L. Walker Tel 01388 816166 Ext 4237 email [lwalker@sedgefield.gov.uk](mailto:lwalker@sedgefield.gov.uk)

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# Item 4c

## SEDGEFIELD BOROUGH COUNCIL OVERVIEW & SCRUTINY COMMITTEE 2

Council Chamber,  
Council Offices,  
Spennymoor

Wednesday,  
24 January 2007

Time: 10.00 a.m.

**Present:** Councillor J.E. Higgin (Chairman) and  
Councillors W.M. Blenkinsopp, T.F. Forrest, J.P. Moran, J. Robinson J.P,  
K. Thompson, T. Ward and J. Wayman J.P

**Invited to attend:** Councillors Mrs. A.M. Armstrong, R. S. Fleming, M. Iveson,  
Mrs. B. Graham and W. Waters

**In Attendance:** Councillors Mrs. Mrs. A.M. Fleming, B. Hall, G. Morgan and A. Smith

**Apologies:** Councillors J. Burton, D.M. Hancock, G.M.R. Howe and Ms. M. Predki

**Tenant Representatives**  
Mrs. M. Thomson

**OSC(2).33/06 DECLARATIONS OF INTEREST**  
Members had no interests to declare.

**OSC(2).34/06 BUDGET FRAMEWORK 2007/08**  
Consideration was given to Cabinet's initial budget proposals in respect of the Housing, Leisure and Culture, Community Health and Safer Communities portfolios. Members gave detailed consideration to a report setting out the basis of the proposals and in particular the proposed changes in service provision for the above portfolios. (For copy see file of Minutes).

The Cabinet Members with responsibility for the above portfolios had been invited to attend the meeting in order to respond to questions from the Committee.

Cabinet had agreed its initial budget on 11<sup>th</sup> January 2007 (Minute No: CAB.132/06 refers) and as part of the budget setting procedure Overview and Scrutiny Committee had been asked to consider the proposals with a view to making recommendations to Cabinet before it made its final budget proposals to Council.

The Committee noted detailed budgets had been prepared based on inflation and price increases as outlined in the report.

It was explained that the Council had been provisionally notified that it would receive £9,601,288 of external Government support for 2007/08.

The grant settlement which was broadly in line with expectations showed a year-on-year increase of 5.1% or £468,000 including the base adjustments in accordance with the distribution framework.

It was pointed out that no indicative grant figures had been provided for 2008/09. During the coming summer the Government would be announcing the results of its Comprehensive Spending Review for the three year period 2008/09 to 2010/11 which was expected to be a particularly difficult period for local government with much tougher efficiency targets being imposed.

The budget framework for 2007/08 reflected the Council's key priorities set out in the Corporate Plan and took account of financial issues and pressures including the significant increase in the pay costs to be incurred by the Council and fuel price inflation.

It was reported that there would be little scope for further additional growth in spending in later years. Furthermore, all areas of Council spending were expected to continue to contribute to the achievement of efficiency gains. Over the next two years efficiency savings in the order of £750,000 must be achieved to maintain spending levels and keep Council Tax increase low as the use of the Budget Support Fund was withdrawn.

It was explained that careful planning of the budget meant that the commitment made in the Medium Term Financial Plan to restrict Council Tax increases to 2.9% could be delivered in 2007/08. The substantial additional investment in Council services would add £5.24 per year or 10p per week to Band D Council Tax. The cost to the Band A taxpayer would be £3.50 per year or 7p. per week.

It was pointed out that in the light of the level of resources available to the Council it would be possible in 2007/08 to launch the biggest Capital Spending Programme ever proposed by the Council since its inception in 1974 amounting to a minimum of £20m which would increase further as schemes attracted external funding.

## **Housing**

Members noted the overall position in relation to the Capital and Revenue proposals for the Housing portfolio.

It was reported that the 2007/08 Housing Subsidy Settlement had left the Council's Housing Revenue Account significantly worse off. Although the Council's spending allowances for Management and Maintenance had increased in excess of inflation by 3.97% and 4.34% respectively an increase in guidelines rent levels of 7.26% had meant that the next subsidy payable to the Government for redistribution to other local housing authorities had increased by £982,700 to £3.7m.

It was pointed out that the continued implementation of the Governments Rent Restructuring methodology would lead to substantial rent increases for most of the Council's tenants over the next few years to enable full convergence with Housing Association rents to be achieved by 2012. Only

173 tenancies were expected to be targeted once the rent changes had been applied in 2007/08.

Specific reference was also made to heating charges for tenants in grouped accommodation, which had been increased in April 2006 for the first time in nine years. It was proposed that the Council would continue to make a staged increase in the charges over the next few years to fully recover the energy costs incurred.

Detailed discussions were held regarding the rent and heating cost increases, where it was explained that both systems were the responsibility of the Government, which the Council needed to take account of and follow. The Director of Housing informed the Committee that all tenants were informed in writing of any changes and any future implications to their rent. A report was also prepared to submit to Cabinet in the future regarding the current heating systems.

### **Leisure and Culture**

The Director of Resources explained that in accordance with the Medium Term Financial Plan, in the main, Leisure Services had been provided with an inflationary increase for 2007/08. It was, however, pointed out that partnership working within Leisure and Culture allowed growth within the budget.

The Committee was informed that the total Capital Programme budget was set at £715,000 for the Leisure and Culture Portfolio.

Specific reference was made to the main changes for 2007/08, which included defining physical activity performance indicators to achieve the ambition of a healthy Borough portfolio population. Leisure Centre programmes would be redesigned to reduce direct operating costs together with developing creative pricing policies to increase access to facilities. Volunteer working would also continue to be supported.

Concerns were raised regarding the continuation of Leisure Services being provided with only inflationary increases to their budget. The Director of Leisure Services explained that although the budget was small results from satisfaction surveys had been very positive and that external funding from partnership working allowed the service to remain and develop. Specific reference was made to the need for funding to improve the entrance at Newton Aycliffe Leisure Centre in particular. The Chief Executive and Director of Leisure pointed out that investment had been put into facilities particularly gym facilities, however, it was pointed out that the whole of Newton Aycliffe Town Centre needed to be regenerated together with the Leisure Centre.

Questions were raised regarding play schemes and whether they would continue. It was explained that play schemes would be withdrawn and replaced with Sport Camps which would be more accurate at targeting the health ambitions of the Council. The camps would also be run across the Borough and over thirteen weeks rather than a six week period.

During discussion of facilities and schemes questions were raised regarding the lack of them in the Area 3 and whether consideration had been given to introducing a travel scheme to and from the leisure centres. The Committee was informed that a review was in the process and the issue had been noted.

With regard to the static budget suggestions were made to removing some of the facilities. The Chief Executive and Director of Leisure Service pointed out that the facilities were an asset to the Council and there would be no consideration given to closing facilities. The success of Leisure Services had shown that the policy to keep it as a 'discretionary' service was working.

### **Community Health**

The Director of Resources pointed out that although the budget was relatively small it contributed to a number of other bodies the Primary Care Partnership and Carelink Club. The total Capital Programme for the Community Health portfolio was set at £70,000.

The Cabinet Member and Director of Neighbourhood Services pointed out that partnership working was a significant aspect within the portfolio with support from outside authorities and other portfolios, as Sedgfield Borough was one of the highest areas for ill-health and deprivation.

Questions were raised regarding the "Your Health Roadshow" whether it was introduced last year and who had funded the scheme. It was explained that Primary Care Partnership had implemented the roadshow, however, had requested that Sedgfield Borough Council take responsibility as financial difficulties had arose for their 2007/08 financial year. It was explained that further information regarding the scheme would be provided for individual Members if requested.

### **Safer Communities**

The Committee was informed that during 2007 a major service review would be carried out with the budget set to sustain current levels and make any required improvement highlighted after the review.

The Cabinet Member and Director of Neighbourhood Services informed the Committee that during the review consideration would be given to new technology that was available such as wireless technology in an attempt to make savings across the service.

Questions were raised as to the safety of the control room and the current level of patrols across the Borough. It was explained that a three year contract had recently been secured together with tenders either out for consultation or being developed for contracts with other Local Authorities. It was therefore pointed out that for the foreseeable future the life of the control room was safe. With regard to patrols it was pointed out that there were currently 20 Neighbourhood Wardens at strategic points across the Borough.

Detailed discussion was finally held regarding the Local Government Pension Scheme. It was explained that it was a statutory scheme that should be self financing. However over the years funds had reduced and the scheme no longer had sufficient funds available. The Government had implemented a 22 year recovery plan, which was reviewed every three years in order to address the issue.

It was noted that the Government had proposed major changes to the current pension scheme in an attempt to make it more sustainable.

**RECOMMENDED:**        *That the budget proposals in relation to Housing, Leisure and Culture, Community Health and Safer Communities portfolios for 2007/08 be approved.*

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**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

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# Item 4d

## SEDGEFIELD BOROUGH COUNCIL OVERVIEW & SCRUTINY COMMITTEE 3

Council Chamber,  
Council offices,  
Spennymor

Thursday,  
25 January 2007

Time: 10.00 a.m.

**Present:** Councillor V. Crosby (Chairman) and

Councillors D.R. Brown, Mrs. B.A. Clare, G.C. Gray, Mrs. J. Gray,  
M.T.B. Jones, A. Smith and Mrs. C. Sproat

**In Attendance:** Councillors Mrs. K. Conroy, Mrs. B. Graham, B. Meek, G. Morgan,  
K. Noble and R.A. Patchett

**Apologies:** Councillors B.F. Avery J.P, K. Henderson and Mrs. L. Smith

### **OSC(3)22/06 DECLARATIONS OF INTEREST**

Councillor V. Crosby declared an interest in the part of the item relating to the Social Regeneration budget – personal and prejudicial – Member of Advice and Information Service and CAVOS.

Councillor Mrs. B.A. Clare declared a personal and prejudicial interest in the Social Regeneration Budget part of the item – member of the Advice and Information Service.

### **OSC(3)23/06 BUDGET FRAMEWORK 2007/2008**

Consideration was given to the Cabinet's initial budget proposals in respect of the Environment, Planning and Development, Learning and Employment and Social Regeneration and Partnership portfolios. Members gave detailed consideration to a report setting out the basis of the proposals and, in particular, the proposed changes in service provision for each portfolio. (For copy see file of Minutes).

Cabinet Members with responsibility for portfolios under consideration had been invited to attend the meeting in order to respond to questions from the Committee.

The Cabinet had agreed its initial budget on 11<sup>th</sup> January, 2007 (Minute No : CAB.132/06 refers) and as part of the budget setting procedure Overview and Scrutiny Committee had been asked to consider the proposals with a view to making recommendations to Cabinet before it made its final budget proposals to Council.

The Committee noted detailed budgets had been prepared based on inflation and price increases as outlined in the report.

It was explained that the Council had been provisionally notified that it would receive £9,601,288 of external Government support for 2007/08.

The grant settlement which was broadly in line with expectations showed a year-on-year increase of 5.1% or £468,000, including the base adjustments, in accordance with the distribution framework.

It was pointed out that no indicative grant figures had been provided for 2008/09. During the coming Summer the Government would be announcing the results of its Comprehensive Spending Review for the three year period 2008/09 to 2010/11 which was expected to be a particularly difficult period for local government with much tougher efficiency targets being imposed.

The budget framework for 2007/08 reflected the Council's key priorities set out in the Corporate Plan and took account of financial issues and pressures including the significant increase in the pay costs to be incurred by the Council and fuel price inflation.

Its was reported that there would be little scope for further additional growth in spending in later years. Furthermore, all areas of Council spending were expected to continue to contribute to the achievement of efficiency gains. Over the next two years efficiency savings in the order of £750,000 must be achieved to maintain spending levels and keep Council Tax increase low as the use of the Budget Support Fund was withdrawn.

It was explained that careful planning of the budget meant that the commitment made in the Medium Term Financial Plan, to restrict Council Tax increases to 2.9%, could be delivered in 2007/08. The substantial additional investment in Council services would add £5.24 per year or 10p. per week to Band D Council Tax. The cost to the Band A taxpayer would be £3.50 per year or 7p. per week.

It was pointed out that in the light of the level of resources available to the Council, it would be possible in 2007/08 to launch the biggest Capital Spending Programme ever proposed by the Council since its inception in 1974 amounting to a minimum of £20m which would increase further as schemes attracted external grant funding.

### **Environment**

Members noted the overall position in relation to the Capital and Revenue proposals for the Environment portfolio.

The 2007/8 revenue budget for the Environment would enable the Council to continue to provide a similar level of service in relation to the protection of the Environment and the standards of ground maintenance with some enhancements.

Members were reminded that Overview and Scrutiny Committee 3 had recently produced a report on future recycling service options which was currently being examined. The outcome of the review would be used to determine the Council's approach to the waste collection strategy.

It was noted that Cabinet had recently confirmed that the existing contract with JWS Landscapes was terminated with the work being taken back in-



house with Street Scene Services. This would allow the Council to review its current arrangements to provide a more neighbourhood focused service. Consultations with Town and Parish Councils and other potential partners would continue in order to develop and agree where joint working could be introduced, thereby increasing efficiency and improving value for money.

Cabinet had also endorsed the principle of delivering Street Scene services at neighbourhood level and required a further report detailing the re-engineering required to enable neighbourhood delivery pilot to be introduced by April, 2008.

The Capital Programme Budget of £20,000, which had been set for the Environment portfolio, would provide for replacement litter and dog fouling bins.

### **Planning and Development**

During 2007/8 the Planning Service would be enhanced to provide a more customer focused service and to maximise fee generation and Planning Delivery Grant as a consequence of improvements in planning performance.

An extra £20,000 was being provided towards the cost of the Review of the Council's Local Development Plan. The Council continued to receive Planning Delivery Grant from the Government to assist in delivering an enhanced Planning Service, aimed at achieving the stretched performance targets, in respect of planning applications and appeals.

With regard to the capital budget, £120,000 had been set for the Planning and Development portfolio, providing for two Countryside Management Schemes in Whitworth/Byers Green and Byerley Park, Newton Aycliffe. In addition a number of Conservation Schemes were planned in Cornforth Shildon Spennymoor and Bishop Middleham.

### **Learning and Employment**

The budget proposals allowed for a reconfigured approach to Economic Development, giving additional support to entrepreneurship in disadvantaged communities, in line with the recent Overview and Scrutiny Review of Worklessness and subsequent re-focu of the budget and grants scheme approved through the Council.

The budget proposals for the portfolio enabled the Council to provide a similar level of service to that being achieved during the current year in relation to economic development and industrial promotion.

The focus for 2007/08 would be on working with neighbouring authorities to develop a marketing strategy for industrial sites.

A review of the Council's relationship with SASDA had been undertaken. In 2007/8 SASDA would continue to receive the £10,000 to run the business forum on the Council's behalf whilst other budgets had been re-

allocated to enhance services provided at the Shildon Business Centre and new economic development initiatives.

The Council also continued to provide a training scheme for unemployed youths and adults to improve their basic skills and to enable them to find entry to employment. The scheme, funded mainly from training contracts from the Learning and Skills Council and Job Centre Plus, was self-financing. The Council would also continue its close relationship with Bishop Auckland Technical College, to develop a strategic alliance, with the aim of providing enhanced training facilities locally.

A Capital Programme Budget for the portfolio of £200,000 had been set providing for the continuation of the Aycliffe Industrial Estate Improvement Programme, Employment Site Investment and the Green Lane Industrial Estate Improvements.

### **Major Regeneration Initiatives**

It was noted that the Council had already resolved to make 100% of capital receipts from the sale of housing land available to meet the regeneration and affordable housing initiatives. The total capital receipts available during 2007/08 amounted to £20.966m, which included £10.466m estimated to be unused from the current year.

The programme teams for delivering both the Major Regeneration Initiatives and the Strategic Housing Investment Programme [SHIP] had now been recruited and resources of around £6.240m should be made available to support spending on major regeneration projects with a further £0.989M being used in the affordable housing definition to help the Council achieve the Decent homes standard.

In addition to work on the Council's own Housing stock, the SHIP Masterplan in respect of three areas of pre-1919 housing had been approved. Work had started on a range of initiatives to regenerate those areas.

### **Social Regeneration 2007/8**

**NB : In accordance with Section 81 of the Local Government Act 2000 Councillors V. Crosby and Mrs. B.A. Clare declared an interest in this element of the budget and left the meeting for the duration of the discussion and voting thereon.**

The Social Regeneration Revenue Budget would enable the Council to provide an enhanced level of service without the need for additional resources including ongoing support for the Advice and Information Service, CAVOS and reconfigured Local Strategic Partnership.

The Accountable Body function in respect of Sure Start activities would transfer to Durham County Council with effect from 1<sup>st</sup> April, 2007.

The costs of providing the Housing Benefit Service had again been limited to the level of Government funding in 2007/08

As the Government was expected to again reduce the level of funding, efficiency measures, such as home working which was currently being piloted in the section, would need to be introduced in order to maintain the current level of performance. Provision had also been made to allow for an increased level of discretionary hardship payments to Housing Benefit Claimants in appropriate circumstances.

Funding previously available from the Single Regeneration Budget and Community Empowerment Fund ended this year and it would be necessary to maximise the potential funds available from those funding streams pooled through the Local Area Agreement, in order that the Council could continue its involvement in cross cutting initiatives such as employability and the economic regeneration of the Borough.

The Council continued to provide a Concessionary Travel Scheme, as part of the County-wide scheme, with inflation of 7% adding approximately £90,000 to the bill for 2007/08.

A total capital programme budget of £400,000 had been set for the Social Regeneration Portfolio, providing for a number of projects including Neighbourhood Retail Improvements, Undergrounding of Overhead Services in Dean Bank, a Public Art Project and Environmental Improvements in Aycliffe, Trimdon and Fishburn.

In response to a query raised in relation to the Review of Recycling Services, it was explained that, no provision had been made in the 2007/8 budget. A decision had not yet been taken in relation to future services. Provision would be made in the 2008/9 budget, following that decision.

**RECOMMENDED:** *That the budget proposals in relation to Environment, Planning and Development, Social Regeneration and Learning and Employment portfolios for 2007/8 be supported.*

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**ACCESS TO INFORMATION**

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Liz North 01388 816166 ext 4237  
email:enorth@sedgefield.gov.uk

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# Item 5

## REPORT TO CABINET

15<sup>th</sup> February 2007

## REPORT OF DIRECTOR OF RESOURCES

**Portfolio: STRATEGIC LEADERSHIP**

### **TREASURY MANAGEMENT STRATEGY 2007/08**

#### **1.0 SUMMARY**

1.1 The Treasury Management function covers the borrowing and investment activities of the Council and the effective management of associated risks in relation to these activities. This report outlines the strategy to be followed by the Council over the medium term in relation to its Treasury Management activities and takes into account guidance on investments issued by the DCLG, and the Prudential Code for Capital Finance in Local Authorities.

#### **2.0 RECOMMENDATIONS**

2.1 Following consideration of the issues set out in this report it is recommended that Cabinet make the following proposals to Council: -

- To approve the Treasury Management Strategy 2007/08;
- To approve the Investment Strategy 2007/08;
- To adopt the Prudential Indicators and Limits 2007/08 to 2009/10;
- To approve the 'Authorised Limit' for borrowing as shown in Appendix B.

#### **3.0 TREASURY MANAGEMENT STRATEGY 2007/08**

##### **Background**

3.1 The Treasury Management Service is an important part of the overall financial management of the Council's affairs. Its importance has increased as a result of the publication of the Prudential Code for Capital Finance in Local Authorities by the Chartered Institute of Public Finance and Accountancy.

3.2 Treasury Management activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). The Council initially adopted a Local Code of Treasury Management Activities in December 2002, subsequently revised by Council in September 2005, taking into account the Code of Practice and as a result adopted a Treasury Management Policy Statement. This adoption complies with one of the requirements of the CIPFA Code of Practice.

3.3 The Council's Constitution requires an annual strategy to be reported to the Council outlining the expected Treasury activity prior to commencement of the new year. A further report will be produced after the year-end showing the actual activity for the previous financial year.

- 3.4 A key requirement is to explain both the risks, and the management of the risks, associated with the Treasury Management activities.

This strategy covers: -

- The current Treasury position.
- The expected movement in interest rates.
- The Council's borrowing and debt strategy.
- The Council's investment strategy (in compliance with ODPM guidance).
- Local Treasury Management Indicators. (set out in Appendix B)

### Current Treasury Position

- 3.5 The Council's detailed Treasury position is highlighted in the following table:-

<i>Actual</i>	<i>Actual 31.03.06 £m</i>	<i>Average Rate %</i>	<i>Estimate 31.03.07 £m</i>	<i>Average Rate %</i>
<b>FIXED RATE DEBT</b>				
<b>Public Works Loan Board</b>				
Annuity	0.98	7.22	0.95	7.23
Maturity	17.37	6.33	17.37	6.33
<b>Other Loans</b>				
Annuity	0.33	7.80	0.32	7.82
	18.68	6.40	18.64	6.38
<b>INVESTMENTS</b>				
Various Banks & Building Societies	(28.58)	4.80	(24.50)	5.00
<b>NET POSITION</b>	(9.90)		(5.86)	

- 3.6 As the above table shows, loan debt is expected to fall slightly during the current year from £18.68m to £18.64m. Investments are also expected to fall by £4.08m from £28.58m to £24.50m. This results in a reduction in the net position (i.e. investments less borrowing) by £4.04m to £5.86m at 31<sup>st</sup> March 2007.

### Expected Movement in Interest Rates

- 3.7 The Council engages Butlers as its Treasury Management Consultants, to advise on the Treasury Strategy, to provide economic data and interest rate forecasts, to assist in planning and reduce the impact of unforeseen adverse interest rate movements.
- 3.8 In Butlers view, the Bank of England remains concerned that domestically generated inflation could strengthen in the months ahead and increase the Consumer Price Index (CPI) to unacceptably high levels. There are a number of relationships within the economy that impact on this:

- ❑ Buoyancy of international economy and the effect this might have upon domestic UK growth (paragraph 3.9)
  - ❑ The strength of domestic activity and the amount of spare capacity in the economy (paragraph 3.10)
  - ❑ The state of the labour market (paragraph 3.11)
  - ❑ The strength of domestic demand and the pricing power of companies (paragraph 3.12).
- 3.9 Economic growth has been strong in 2006 and this has placed upward pressure upon materials and manufacturer's costs. However, the strength of sterling on the foreign exchanges has lessened the impact on the UK.
- 3.10 In Butlers view, UK growth has been stronger than expected this time last year. This has been driven mainly by domestic factors, particularly the buoyancy of consumer spending. While the current rise in official interest rates may lead to some slow down in growth, this is expected to be modest.
- 3.11 The Bank of England believes that the strength of UK growth for much of the last decade has reduced the amount of spare capacity in the economy to a low level. The relationship between the Retail Price Index (RPI) (now rising at an annual rate of 3.7%) and pay settlements has been strong in the past, although the relationship has weakened in recent years. The state of the labour market will dictate the extent to which pay settlements reflect the strength of the RPI and will have a major bearing upon the Bank of England's approach in early 2007.
- 3.12 Spending has been stronger than expected in 2006, partly as a result of increases in asset values (houses and shares). To date this has not led to a major rise in prices as competitive forces have remained strong (the influence of cheap imports) and the public being highly selective in their spending intentions (waiting for the sales).
- 3.13 As a result of the above economic forecast, Butlers see the expected movement in interest rates as follows:-

	<i>Average Base Rate (%)</i>
2005/06 (Actual)	4.6
2006/07	4.8
<b>2007/08</b>	<b>5.3</b>
2008/09	5.0
2009/10	4.8

This anticipates that the current Bank of England base rate, which stands at 5.25% could increase by another 0.25% before returning to 5.0% at the end of the financial year. Interest rate uncertainty is set to persist in the year ahead. The threat of higher inflation is considered a real danger for the UK economy, not least the possibility that the recent annual increase in RPI of close to 4% could create problems in forthcoming pay round negotiations.

### **Borrowing and Debt Strategy**

- 3.14 The Prudential Code frees Local Authorities from central controls over the level of their borrowings. Previously, borrowing allocations issued by Government were used to control each authority. In recent years the Council has not needed to incur additional borrowing to finance the capital programme, instead utilising capital receipts, external grants and contributions and funding directly from revenue. However, the introduction of the Prudential Code creates an opportunity to consider alternative means of funding the capital programme, as long as they are affordable, prudent and sustainable.
- 3.15 Any financing costs of increased borrowing or leasing will have to be met within existing revenue budgets and therefore the Council will need to continue to take a prudent and cautious approach to its borrowing and debt strategy. This will include taking advice on the movement in interest rates and the relative costs of the alternative forms of capital financing. There are currently no plans to utilise prudential borrowing for the 2007/08 Capital Programme.
- 3.16 Debt restructuring opportunities will continue to be examined to reduce the Councils long term financing costs. Rates will be continually monitored throughout the year in order to take advantage of any opportunity in favourable movements.

### **Investment Strategy 2007/08**

- 3.17 The ODPM issued investment guidance in March 2004 which applies to the financial year 2004/05 onwards. In common with the relaxation of borrowing controls in the prudential system, the more flexible guidance replaces the former detailed prescriptive regulations.
- 3.18 The key intention of the guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the guidance requires the Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes. This Council adopted the Code in December 2002, subsequently revised it in September 2005, and continues to apply its principles to all investment activity.
- 3.19 This annual investment strategy states which investments the Council may use for the prudent management of its balances during the financial year under the heading of specified and non-specified investments. These are explained and listed in Appendix A along with proposed criteria for specified and non-specified investments. There are no proposed changes to the lists approved by Members last year.
- 3.20 The credit rating of counterparties (banks and institutions that the Council is prepared to invest in) will be monitored on a regular basis. The Council receives credit rating advice from Butlers on a daily basis and when ratings change, and counterparties are reviewed on an ongoing basis.
- 3.21 In the normal course of the Council's cashflow it is expected that both specified and non-specified investments will be utilised as both categories allow for short term investments. The Council will maintain a minimum of £5m



of investments in specified investments to provide it with the flexibility to meet any short term cash outflows.

- 3.22 The use of longer term investments (greater than 364 days) will fall in the non-specified investment category. These instruments will only be used when the Council's investment requirements are safeguarded and therefore only organisations with a high security rating will be used for these investments.

**Risk Issues**

- 3.23 Expectations are that shorter term interest rates, on which investment decisions are based, will remain relatively stable during 2007/08. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and Butlers own forecasts. It is likely that investment decisions will be for longer periods with fixed investment rates to lock into good value and security of return. The Director of Resources, using delegated powers, will undertake the most appropriate form of investments depending on the prevailing interest rates at the time, taking into account the risks shown above.

**Local Treasury Management Indicators**

- 3.24 The Local Code requires the Council to set performance indicators to assess the adequacy of the Treasury Management function over the next three years. These are distinct historic indicators, as opposed to the Prudential Indicators, which are predominantly forward looking.

	2007/08 %	2008/09 %	2009/10 %
<b>DEBT</b>			
Average Rate Movement Year on Year	- 0.10	- 0.10	- 0.10
<b>INVESTMENTS</b>			
Return compared with the 7 day LIBID Rate	+ 0.10	+ 0.10	+ 0.10

- 3.25 In effect, what these performance indicators mean is that we plan to manage our affairs so that the average rate of interest paid on external borrowings will fall by 0.10% per annum over the next three years, whilst our investment returns will exceed the industry standard benchmark (the 7 day LIBID rate) by 0.1%. Actual performance against these indicators will be reported in the respective Annual Reports for those years. The target for reducing the rate of interest on debt has changed from the previous year from a figure of - 0.20% to - 0.10%. This is because the majority of the Council's debt is at fixed rates and there has already been significant restructuring of the debt portfolio in recent years to reduce the average rate where it has been economic to do so. There is little further scope at this point in time to secure further reductions in the average rate, although the situation will be continuously monitored to take advantage of opportunities arising from fluctuations in market interest rates.

**Prudential Indicators and Limits 2007/08 to 2009/10**

- 3.26 The Prudential Code sets out a framework of self-regulation of capital spending, in effect allowing Councils to invest in capital projects as long as they are affordable, prudent and sustainable.

- 3.27 In general terms, the Council complies with the Prudential Code by:
- Having medium term plans (Medium Term Financial Plan, Corporate Capital Strategy, Revenue and Capital Budgets);
  - Having plans to achieve sound capital investment (Capital Strategies, Capital Project Appraisals and Asset Management Plans);
  - Complying with the Treasury Management Code of Practice.
- 3.28 To support capital investment decisions, the Prudential Code requires the Council to agree and monitor a number of Prudential Indicators. The purpose of the indicators is to provide a framework for capital expenditure controls. It highlights through the indicators the level of capital expenditure, the impact on borrowing and investment levels and the overall controls in place to ensure that spending remains affordable, prudent and sustainable.

The specific indicators that Council is asked to approve are shown in Appendix B alongside the Treasury Management Indicators.

#### **4.0 RESOURCE IMPLICATIONS**

- 4.1 The financial implications have been summarised at each stage of this report and have been taken into account in the preparation of the Budget Framework 2007/08 and the Medium Term Financial Plan (MTFP) 2006/07 to 2008/09. The MTFP will be fully reviewed during 2007/08 following the outcome of the Comprehensive Spending Review by the Government.

#### **5.0 CONSULTATION**

- 5.1 Consultation on the spending proposals contained in the Budget Framework 2007/08 has been undertaken including the involvement of the Council's Overview and Scrutiny Committees. The Council's Audit Committee at its meeting on 29<sup>th</sup> January also considered the Strategy and recommended its acceptance by Cabinet and the Council. The Council's treasury consultants have also been consulted in the preparation of this Treasury Strategy

#### **6.0 OTHER MATERIAL CONSIDERATIONS**

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

The proposals contained in the report support the Council's corporate value of being responsible with and accountable for public finances. The Council's Treasury Management Strategy supports the effective management of its debt and investment portfolio within a framework that ensures that it is responsible for public finances. The reporting of this strategy and the requirement to obtain formal approval for its implementation demonstrates accountability.

##### **6.2 Risk Management**

Treasury management activities are comprehensively governed by professional codes of practice and regulations surrounding borrowing and debt management. The Council approved a revised code of treasury management

practices in September 2005, which provides full details of how risk is assessed, managed and mitigated. In particular, Treasury Management Practice 1 (TMP1) deals specifically with the design, implementation, and monitoring of arrangements for identification, management and control of treasury management risk, which will govern the implementation of this strategy.

**6.3 Health and Safety**

There are no significant health and safety implications arising from this report.

**6.4 Equality and Diversity**

There are no significant equality and diversity issues arising from this report.

**6.5 Legal and Constitutional**

Arrangements surrounding the management and reporting of the Council's treasury management activities are contained in the Council's constitution and this report complies with those requirements. No new implications are identified in this report.

**7.0 OVERVIEW AND SCRUTINY IMPLICATIONS**

7.1 As mentioned above, full consultation and engagement on the Council's budget proposals has been made with all three Overview and Scrutiny Committees.

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**BACKGROUND PAPERS**

1. CIPFA Code of Practice on Treasury Management.
2. Local Code of Treasury Management Activities – Report to Council, December 2002
3. Prudential Code for Capital Finance in Local Authorities.
4. Review of the Local Code of Treasury Management Practice – Report to Council, 30.09. 2005
5. Treasury Management Strategy 2007/08 report to Audit Committee, January 2007

**EXAMINATION BY STATUTORY OFFICERS**

	<b>YES</b>	<b>NOT APPLICABLE</b>
1. The report has been examined by the Council's Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Council's S151 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"/>

**ANNUAL INVESTMENT STRATEGY**  
**Schedule of Specified and Non-Specified Investments**

**Specified Investments**

These investments are sterling dominated of not more than one-year in maturity, or those which could be for a longer period but where the Council has a right to be paid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is negligible.

<b>Specified Investment Category</b>	<b>Credit Rating</b>	<b>Max Period</b>
<b>UK Government</b> – including Debt management Office, UK Treasury Bills or gilts with less than one year to maturity	High security. No Credit rating criteria needed.	1 year
<b>Supranational Bonds</b> – 1) issued by a financial institution that is guaranteed by the UK 2) multi lateral development bank bonds aimed at economic development (e.g. European Investment Bank)	High security. No Credit rating criteria needed	1 year
<b>Local Authority, Parish or Community Council</b>	High security. No Credit rating criteria needed	1 year
<b>Money Market Funds (Investment Schemes)</b>	AAA rating by Fitch, Moody's and Standard and Poors	1 year
<b>Highly Credit Rated Body</b> – investments made with a bank/building society from the Council's counterparty list	Short term rating of at least F1 (or equivalent)	1 year

**Non - Specified Investments**

Non –specified investments are any other type of investment (i.e. not defined as specified investments above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below.

<b>Non -Specified Investment Category</b>	<b>Limit (£)</b>
<b>Supranational Bonds greater than 1 year to maturity</b> – 1) issued by a financial institution that is guaranteed by the UK 2) multi lateral development bank bonds aimed at economic development (e.g. European Investment Bank)	£15m
<b>Gilt edged securities greater than 1 year to maturity</b> – Government bonds providing the highest level of security.	£15m
<b>Building Societies not meeting the basic security requirements under the specified investments</b> – the Council may use such building societies which have a minimum asset size of £200m .	£15m
Any <b>Bank or Building Society</b> that has a minimum long term credit rating of A- for deposits of greater than one year (including forward deals in excess of one year from inception to repayment)	£15m
Any <b>Non rated subsidiary</b> of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to a guarantee from the parent company.	£3m
<b>Share capital or loan capital</b> in a body corporate – the use of these instruments will count as capital expenditure and will be an application of capital resources. Revenue resources will not be invested in corporate bodies.	£3m

## **TREASURY MANAGEMENT INDICATORS**

The purpose of these Prudential Indicators is to contain the activity of the Treasury Management function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions, impacting negatively on the Council's overall financial position. Four Prudential Indicators are required under this category:-

### ***Upper Limits on Fixed Interest Rate Exposure***

This indicator provides the range within which the authority will manage its exposure to fixed rates of interest.

### ***Upper Limits on Variable Interest Rate Exposure***

This indicator provides the range within which the authority will manage its exposure to variable rates of interest.

### ***Maturity Structure of Fixed Borrowing***

This indicator measures the amount of fixed rate borrowing maturing at each period expressed as a percentage of total borrowing at fixed rate at the start of each period.

### ***Maximum Principal Sums Invested for more than 1 year***

The purpose of this indicator is to contain the exposure to the possibility that loss might arise as a result of seeking early repayment or redemption of sums invested, or exposing public funds to unnecessary or unquantified risk.

The Council is asked to approve these indicators, which have been calculated as follows:

<i>Treasury Indicators</i>	<i>2007/08 to 2009/10 % of debt</i>
Upper Limits on Fixed Interest Rates	100%
Upper Limits on Variable Interest Rates	50%
Maturity Structure of Fixed Borrowing	
Under 12 months	50%
12 months to 2 years	50%
2 years to 5 years	50%
5 years to 10 years	50%
10 years and above	100%
Upper Limit on Principal Sums Invested for more than 1 year	£25m

## **CAPITAL EXPENDITURE AND THE CAPITAL FINANCING REQUIREMENT**

### ***Capital Expenditure***

This indicator shows the overall capital spending plans of the Council over the medium term and reflects planned investment levels in line with the Medium Term Financial Plan. The actual capital expenditure that was incurred in 2004/05 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

<i>Capital Expenditure</i>	<i>2005/06 Actual</i>	<i>2006/07 Est Outturn</i>	<i>2007/08 Budget</i>	<i>2008/09 Estimated</i>	<i>2009/10 Estimated</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Housing	7,211	9,000	8,400	8,000	8,000
Non-Housing	7,882	7,800	11,600	12,000	12,000
<b>Total</b>	<b>15,093</b>	<b>16,800</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>

### ***Capital Financing Requirement (CFR)***

This figure represents the Council's underlying need to borrow for a capital purpose, and the change year on year will be influenced by the capital expenditure in the year and how much of this is supported directly through grants, contributions and capital receipts. The CFR is essentially a replacement of the former 'credit ceiling' mechanism, which was also a measure of underlying borrowing need.

The Council's expectations of the CFR in the next three years that Council is asked to approve are as follows:

<i>Capital Financing Requirement</i>	<i>2005/06 Actual</i>	<i>2006/07 Est Outturn</i>	<i>2007/08 Budget</i>	<i>2008/09 Estimated</i>	<i>2009/10 Estimated</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Housing	9,714	9,927	10,140	10,340	10,540
Non-Housing	9,433	9,056	8,694	8,346	8,012
<b>Total CFR</b>	<b>19,147</b>	<b>18,983</b>	<b>18,834</b>	<b>18,686</b>	<b>18,552</b>

## **LIMITS TO BORROWING ACTIVITY**

### ***Net Borrowing***

The first key control over the Council's activity is to ensure that over the medium term net borrowing will only be for a capital purpose. The Council needs to ensure that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional capital financing requirement for the following three years.

Notwithstanding the above, there is currently a gap between the CFR and Gross Borrowing and the Director of Resources will consider limited borrowing opportunities within this narrow band where it is in the Council's financial interests.

The Council is asked to approve the following borrowing limits, which take into account current commitments, existing plans and the proposals in the Budget Framework:-

<i>Net Borrowing</i>	<i>2005/06 Actual</i>	<i>2006/07 Est Outturn</i>	<i>2007/08 Budget</i>	<i>2008/09 Estimated</i>	<i>2009/10 Estimated</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Gross Borrowing	18.679	18.640	18.600	18.556	18.509
Investments	(28.580)	(24.500)	(31.000)	(25.000)	(19.000)
<b>Net Borrowing</b>	<b>(9.901)</b>	<b>(5.860)</b>	<b>(12.400)</b>	<b>(6,444)</b>	<b>(491)</b>

A further two prudential indicators control the overall level of borrowing: **Authorised Limit** and the **Operational Boundary**. These limits separately identify borrowing from other long-term liabilities such as finance leases. Net borrowing is expected to increase over time as capital receipts are used to finance the capital programme, which means that they are no longer available for investment purposes.

### **Authorised Limit**

This represents the limit beyond which borrowing is prohibited and reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is a statutory limit that the Council must determine in accordance with Section 3(1) of the Local Government Act 2003.

The Council is asked to approve the following authorised limits:

<i>Authorised Limit</i>	<i>2005/06 Actual</i>	<i>2006/07 Est Outturn</i>	<i>2007/08 Budget</i>	<i>2008/09 Estimated</i>	<i>2009/10 Estimated</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Borrowing	30,000	30,000	30,000	30,000	30,000
Long Term Liabilities	-	-	-	-	-
<b>Total</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>

### **Operational Boundary**

This indicator is based on the probable external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure that the authorised limit is not breached.

The Council is asked to approve the following operational limits:

<i>Operational Boundary</i>	<i>2005/06 Actual</i>	<i>2006/07 Est Outturn</i>	<i>2007/08 Budget</i>	<i>2008/09 Estimated</i>	<i>2009/10 Estimated</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Borrowing	22,000	22,000	22,000	22,000	22,000
Long Term Liabilities	-	-	-	-	-
<b>Total</b>	<b>22,000</b>	<b>22,000</b>	<b>22,000</b>	<b>22,000</b>	<b>22,000</b>

## **AFFORDABILITY PRUDENTIAL INDICATORS**

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

The Council is asked to approve the following indicators:

### ***Ratio of Financing Costs to Net Revenue Stream***

This indicator expresses the amount of interest payable on external debt and other debt management expenses (i.e. financing costs) as a proportion of the amount of income received from Government and local taxpayers (i.e. net revenue stream). The definition of net revenue stream for the HRA is based on the statutory definition which incorporates charges to the account under Part 4 of the Local Government and Housing Act 1989.

<i>Financing Costs to Net Revenue Stream</i>	<i>2005/06 Actual</i>	<i>2006/07 Est Outturn</i>	<i>2007/08 Budget</i>	<i>2008/09 Estimated</i>	<i>2009/10 Estimated</i>
Housing	44.8%	40.5%	39.6%	30.2%	30.2%
Non-Housing	0.5%	(1.0%)	(2.8%)	(2.8%)	(2.8%)

### ***Incremental Impact of Capital Investment Decisions on Council Tax and Housing Rents***

As the Council's capital programme is financed by Government allocations, external funding from partners, and from the Council's own resources, such as capital receipts, there is no requirement for the Council to borrow to finance its capital investment over the medium term. As a consequence there are no additional financing charges to be absorbed by both the General Fund and Housing Revenue Accounts over this period. This is reflected in the following two indicators, which show the impact on Council Tax and Housing Rents.

This indicator identifies the impact of the Council's General Fund Capital Programme on revenue budgets and is expressed in terms of Band D Council Tax.

<i>Incremental Impact of Capital Programme</i>	<i>2007/09 Proposed Budget</i>	<i>2008/09 Projection</i>	<i>2009/10 Projection</i>
Council Tax at Band D	£0.00	£0.00	£0.00

Similar to the Council Tax calculation this indicator identifies the impact of the Housing Capital Programme on revenue budgets, expressed in terms of weekly rent levels.

<i>Incremental Impact of Capital Programme</i>	<i>2007/08 Proposed Budget</i>	<i>2008/09 Projection</i>	<i>2009/10 Projection</i>
Weekly Housing Rent	£0.00	£0.00	£0.00



# Item 6

## KEY DECISION

### REPORT TO CABINET

15<sup>th</sup> February 2007

### REPORT OF DIRECTOR NEIGHBOURHOOD SERVICES

#### Compensation Payments for Residents affected by Selective Demolition

#### Portfolio Housing

#### 1. SUMMARY

- 1.1 The Council has identified the three priority communities of Chilton West, Dean Bank, Ferryhill and Ferryhill Station for intervention, each area has significant amounts of older private sector housing, predominately pre 1919 terraced housing, facing the issues of falling or static house prices, often high levels of empty homes, increased private landlord ownership and deteriorating quality of life for residents.
- 1.2 The three areas are currently subject to the proposals outlined in the Master Plan adopted by Cabinet on 13<sup>th</sup> July 2006, which will result in some selective clearance of the housing to support regeneration. Owner-occupiers who will be affected by clearance are often low-income households for whom the opportunity of accessing alternative suitable housing is limited by the low value of their homes and limited income.
- 1.3 The purpose of the report is to approve the discretionary payment of Home Loss Payment, Disturbance Payments and Fees including solicitor's fees, surveyor's fees and early redemption fees on mortgages for the owners and tenants of properties where the Council has entered into negotiation to purchase within the Master Plan areas of Dean Bank, Ferryhill Station and Chilton West and the payment of fees only in the purchase of property from private landlords.

#### 2. RECOMMENDATION

- 2.1 That payment of Home Loss Payment and Disturbance Payment be introduced to assist the negotiated purchase of property required to implement the Master Plan proposals adopted by Cabinet on 13<sup>th</sup> July 2006.

### **3. BACKGROUND**

- 3.1 The Council has identified the three priority communities of Chilton West, Dean Bank, Ferryhill and Ferryhill Station for intervention, each area has significant amounts of older private sector housing, predominately pre 1919 terraced housing, facing the issues of falling or static house prices, often high levels of empty homes, increased private landlord ownership and deteriorating quality of life for residents.
- 3.2 The three areas are currently subject to the proposals outlined in the Master Plan adopted by Cabinet on 13<sup>th</sup> July 2006, which will result in some selective clearance of the housing to support regeneration. Owners and tenants who will be affected by clearance are often low-income households for whom the opportunity of accessing alternative suitable housing is limited by the low value of their homes and limited income.
- 3.3 Once a Compulsory Purchase Order is declared by the Council payments for Home Loss and Disturbance will become statutory, however, it is considered that due to the low house prices and low incomes suffered by owners and tenants in these areas, early settlement of these additional payments will provide the necessary incentive to facilitate implementation of the Master Plan by negotiation, prior to compulsory purchase being declared.
- 3.4 Home Loss Payment is assessed at 10% of the market value of the property or £4,000 whichever is the higher. Disturbance Payment is an allowance paid to cover the removal expenses upon production of receipts for costs incurred (including fees), and is intended to ensure that the claimant is left 'no better off, no worse off' as a result of the purchase and relocation from their home.
- 3.5 Residents are aware of the statutory compensation due upon declaration of a Compulsory Purchase Order (CPO). Many are unable to meet the shortfall between the Market Value of their existing home and acquiring a new home without the benefit of this statutory compensation. The statutory CPO process could add lengthy delays to the implementation of the Master Plan leading to the further decline of the affected areas.

### **4. RESOURCE IMPLICATIONS**

- 4.1 As Home Loss and Disturbance payment is a statutory provision for properties acquired by compulsory purchase these elements have been factored into the agreed capital programme bid for Housing Market Renewal based on the number of properties to be acquired and the projected sums required per property. These payments account for approximately £1,183,000 in phase 1 of the master plan (2007 – 2010).

### **5. CONSULTATION**

This report has been prepared after consultation with the Masterplan delivery project management team.

## 6. **OTHER MATERIAL CONSIDERATIONS**

### 6.1 **Links to Corporate Ambitions / Values**

The Community Strategy Outcomes include a Borough with Strong Communities where residents can access a good choice of high quality housing. The Council's ambitions, which are linked, to the Community Strategy outcomes and are articulated through the Corporate Plan and the Medium Term Financial Plan. Our ambitions include delivering a Borough with Strong Communities with good quality affordable housing in safe neighbourhoods. The delivery of the master planning exercise for the priority communities supported by a suitable relocation package will play a direct role in the delivery of these ambitions.

### 6.2 **Risk Management**

The key risk associated with the payment of compensation is that of resources. Funding has been secured to deliver the interventions outlined in Phase 1 of the Master Plan to be carried out during years 1 – 3 of the plan commencing in 2007.

### 6.3 **Health & Safety**

Timely implementation of the Master Plan proposals will ensure that no significant Health and Safety issues arise.

### 6.4 **Equality & Diversity**

The Council's duties in terms of promoting equality and diversity have been taken into account in the recommendation arising from this report and the compensation package will be available to both owner occupiers and the tenants of private landlords who are in occupation and are displaced by the acquisition of the property.

### 6.5 **Sustainability**

One of the objectives of the Master Plan proposals is to improve the housing choices available to meet current and future demand and to support economic growth by providing modern attractive homes in sustainable neighbourhoods, which will contribute to the delivery of sustainable communities throughout the Borough.

### 6.6 **Crime & Disorder**

The Council's duty under Section 17 of the Crime & Disorder Act 1998 has been taken into account in considering the recommendation made in this report.

### 6.7 **Legal & Constitutional**

The guidance relating to compensation payments issued by the Department of Communities and Local Government has been considered in the making the recommendation arising from this report.

## 7. **OVERVIEW AND SCRUTINY IMPLICATIONS**

None

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**Contact Officer** Angela Stephenson  
**Telephone Number** 01388 816166 Ext. 4279  
**E-mail address** [astephenson@sedgefield.gov.uk](mailto:astephenson@sedgefield.gov.uk)

**Wards:** All

**Background Papers:**

DCLG Guidance relating to Compulsory Purchase and Compensation  
Coalfields Housing Renewal - Masterplanning - Report to Cabinet  
Private Sector Housing Capital Programme and the Single Housing investment  
Programme Round 2 - Report to Cabinet  
Relocation Packages for Residents affected by Selective Demolition – Report to  
Management Team

**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"/>

# Item 7

## KEY DECISION

## REPORT TO CABINET

15<sup>th</sup> FEBRUARY 2007

## REPORT OF DIRECTOR OF HOUSING

### HOUSING PORTFOLIO

#### CALL-OUT SERVICE FOR EMERGENCY HOUSING REPAIRS

##### 1. SUMMARY

- 1.1 The purpose of this report is to seek approval to accept the lowest tender for emergency call-out service for the Council's housing stock.
- 1.2 Cabinet approved tendering of the call-out service with a specification, which reflects current service standards whilst maintaining this requirement for the service to be delivered within a contracted programme.

##### 2. RECOMMENDATION

- 2.1 That the call-out service be awarded to the lowest tenderer as identified in Section 5.

##### 3. KEY CONTENT

- 3.1 On 29<sup>th</sup> June 2006 Cabinet approved that the call-out service be tendered as the existing arrangement for the delivery of the service was to expire in July 2006. One of the key drivers for tendering the service was to ensure a contractual agreement for service delivery, this reducing the significant risk that the service could be withdrawn without reasonable notice. Cabinet recommended that any in-house bid must have a contractual agreement in place with the relevant Trade Unions. This contractual agreement was required in order to secure continued service provision of this important emergency service should the contract be won in-house. Previously the call-out service was provided as a non-contractual service through a local agreement that set out standby and remuneration arrangements.
- 3.2 The results of the tendering exercise were reported to Cabinet on 30<sup>th</sup> November 2006. Cabinet subsequently approved a report, which recommended the re-tendering of the service as a result of receiving tenders, the costs of which were not affordable within existing budgets.

## 4. TENDER DETAILS

4.1 In consultation with an appointed Consultant competitive tenders were invited on a firm price contract with a 12 month contract period with an option to extend for a further 12 months subject to performance. The following firms were invited to tender:-

- (a) H & B Services Limited
- (b) Mears Limited
- (c) Morrison Facilities Services
- (d) R. Bland Limited
- (e) Rokbuild Limited
- (f) Sedgefield Borough Council (Housing Department)

4.2 Tenders were received as follows:-

- (i) £189,702.00
- (ii) £275,378.60
- (iii) £326,108.00
- (iv) £410,008.00
- (v) £450,958.00
- (vi) £497,420.00

4.3 The lowest tender was submitted by H. & B. Services Limited, in the sum of £189,702.00, that sum can be accommodated within the Housing Revenue Account for 2006/07 and projected budgets for 2007/08. The priced specification and schedule of innovations, included with the tender, have been scrutinised and found to be correct and will provide additional enhancements to the service at no extra cost to the Council.

### Innovations

H. & B. Services Limited has listed a number of innovations, none of which would have a financial impact to the contract:-

- Facility at periods of high demand to increase the number of Gas Service Engineers and other trades.
- Work with the Council to utilise handheld computers to ensure timely and efficient transfer of data.
- Carry out a Gas Service to a property as part of the call-out, if the gas servicing is outstanding.
- Work with the Council to reduce the number of call-outs.
- Wherever possible within the terms of the specification complete a job in order to minimise the need for a make good approach.
- Introduce a system wherein a tenant is given a password when reporting an emergency call-out which will be used by the tradesman, to increase security.

- Ensure clear signage on all vehicles and clear identity information for all employees in order to demonstrate the link with Sedgefield Borough Council.
- Work with the Council to maximise response within the targets, and to review the targets in order to improve the service.
- Agree a wider set out key performance indicators to monitor performance and identify improvements.

4.4 The details of the tender have been found to be in order, the additional benefits this contractor will bring to the service are listed above. All firms who were invited to tender are considered to have the necessary construction skills to carry out this service. H. & B. Services currently undertake approximately £600K of construction work per annum for the Council. It is recommended that the tender be accepted and that the contract be awarded to H. & B. Services Limited.

## **5. RESOURCE IMPLICATIONS**

5.1 The service specification reflects the current level of provision, with the proposed innovations by H. & B. Services Limited there will be enhancements to the service at no increase in cost.

5.2 In order to proceed with awarding this work to H. & B. Services Limited the Housing Department will need to give adequate notice to our craft staff who are currently carrying out this work.

## **6. CONSULTATIONS**

6.1 Consultations have taken place with relevant Trade Unions to reach a contractual agreement with craft staff who currently undertake this service. We will discuss the implications of this contract with the Trade Unions as part of the Council's consultation framework.

## **7. OTHER MATERIAL CONSIDERATIONS**

### **7.1 Procurement**

Tendering has been carried out in accordance with the Council's Contract Procedure Rules and good practice guidelines as used within the construction industry.

### **7.2. Asset Management**

The provision of an emergency out of hours repairs service contributes towards maintaining the integrity of the Council's housing stock.

### 7.3 Risk Management

Utilising the Zurich Municipal Risk Matrix to map and manage the risk of service failure, for the emergency call out service, leads to the conclusion that the risk is unacceptably high, with a potentially 'critical' impact and a 'high' or 'significant' likelihood of that occurring. This means that the risk must be managed down as a matter of urgency. In order to manage the risk 'downwards' it would be necessary for a contractual agreement to be in place that would give the Council and it's tenants some confidence in relation to continued service provision. The award of this tender will service continued service provision.

### 7.4 Health and Safety

The service is provided 24 hours a day and tenants need to be happy their homes are safe and secure at all times. It is important that tenants can call on trained qualified craftsmen and know that there is certainty there will be a response. Such responses will include work to heating/hot water systems and electrical installations the maintenance of which clearly impact on the health and safety of tenants and the security and structural stability of their homes.

### 7.5 Sustainability

Sustainability is not in issue in these circumstances.

### 7.6 Information Technology

There are no I.T. implications.

### 7.7 Equality and Diversity

Equality and diversity are not prejudiced in this report.

### 7.8 Crime and Disorder

There are no crime and disorder issues raised in this report.

### 7.9 Human Rights

No human rights issues are addressed in this report.

### 7.10 Social Inclusion

There are no implications for social inclusion raised in this report.

## **8. OVERVIEW AND SCRUTINY IMPLICATIONS**

8.1 For information.

## **9. LIST OF APPENDICES**

9.1 None.



**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:** Expenditure over £100,000

**Background Papers:** Not applicable

**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"/>

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# Item 8

REPORT TO CABINET

15 FEBRUARY 2007

REPORT OF CHIEF EXECUTIVE

## STRATEGIC LEADERSHIP PORTFOLIO

### DELEGATED AUTHORITY FOR THE CHIEF EXECUTIVE TO AMEND FORMAL ORGANISATION (STAFFING) STRUCTURES BELOW CHIEF OFFICER LEVEL

#### **1 SUMMARY**

- 1.1 Research into this and other Councils' establishment control arrangements has recently been undertaken by the Head of Organisational Development. This has identified that the limited responsibility currently delegated to the Chief Executive for amending the Council's organisation (staffing) structures is relatively inflexible and needs to be revisited so that appropriate staffing changes can be effected more quickly and efficiently in a climate of ever increasing change.
- 1.2 The report recommends that the level of authority delegated to the Chief Executive be extended to cover all posts below Chief Officer level.

#### **2 RECOMMENDED**

- 2.1 Council delegates authority to the Chief Executive to amend the Council's formal staffing structures below Chief Officer level in accordance with the specific safeguards and limitations set out in this report.
- 2.2 The Council's Monitoring Officer be directed to make all necessary changes to the Constitution.

#### **3 AMENDMENTS TO STAFFING STRUCTURES**

##### 3.1 Current Arrangements

- 3.1.1 Currently the Chief Executive can amend the Council's staffing structures for posts graded Scale 6 and below. This is a relatively fast process that involves the appropriate Head of Service preparing a proposal detailing the reasons for and rationale underpinning the requested change. This is then considered by their Director and then (if supported by the Director) considered and approved or denied by the Chief Executive. Where changes result in increased costs the Chief Executive refers them to Cabinet for approval.
- 3.1.2 Changes to staffing structures involving posts above Scale 6 but below Chief Officer level currently have to be approved by Cabinet via a formal report and following consideration by Management Team. This process often takes two or more months to complete.

3.1.3 Changes at Chief Officer level (Directors and Heads of Service) are usually only made following a major restructure and require both Cabinet consideration and formal approval by Full Council.

### 3.2 The Case For Change

3.2.1 Research into this and other Councils' establishment control (restructuring) arrangements has recently been undertaken by the Head of Organisational Development and has identified that the limited responsibility delegated to the Chief Executive for amending Sedgefield's staffing structures below Chief Officer level is less flexible and takes significantly longer to effect at the senior/principal officer levels than many other local authorities in the region.

3.2.2 Furthermore, the currently limited level of delegation is different to the level of responsibility delegated to officers for the recruitment and selection of employees, which extends to all appointments below Chief Officer level<sup>1</sup>.

3.2.3 Importantly, the Council is currently undergoing a significant period of change that is likely to accelerate in the coming months and years as a result of an increased focus on efficiency and customer-focussed services and related external drivers such as ...

- ⇒ Local Government White Paper (Strong and Prosperous Communities)
- ⇒ Transformational Government Strategy
- ⇒ Lyons Review
- ⇒ Varney Review

3.2.4 In order to meet these challenges through an effective and appropriately structured workforce the Council needs to bring its establishment control (restructuring) arrangements into line with those of other progressive local authorities in the region.

### 3.3 Safeguards And Limitations

3.3.1 The Organisational Development Section plays a major role in managing changes to the Council's establishment by working closely with senior managers, Heads of Service and Directors in designing staffing structures and preparing 'fit for purpose' job descriptions and person specifications. Moreover, since the introduction of a Single Status Agreement in March 2006, the Head of Organisational Development independently and consistently determines the grades of posts in accordance with the national Job Evaluation scheme that underpins this agreement. The Financial Services Section also contributes to the process by costing proposed establishment changes.

3.3.2 These significant safeguards are already in place and together with the Chief Executive's formal approval of staffing changes will ensure effective establishment control in the future. As such it is proposed that authority to change staffing structures below Chief Officer<sup>2</sup> level be delegated to the Chief Executive – but it is considered that the following limitations should also be introduced/formalised ...

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<sup>1</sup> Recruitment and selection arrangements have recently been improved through the extension of notice periods for employees graded above Scale 6 from one month to two months. This change comes into effect in April 2006 and will enable the Council to recruit to a post before the existing postholder leaves it – thus ensuring greater continuity of service.

<sup>2</sup> Directors and Heads of service are employed on Chief Officer terms and conditions – referred to as the Chief Officer level.

- ⇒ The Chief Executive (in consultation with the Head of Organisational Development) should consider changes to staffing structures involving posts at Scale 6 or below via a report and/or correspondence.
- ⇒ Management Team should formally consider changes to staffing structures involving posts at SO1 to PO5 via a formal report incorporating “tick box” checks from the Chief Executive, Section 151 Officer, Monitoring Officer and the Head of Organisational Development.
- ⇒ Where a proposed increase in grade is the direct result of changes to duties and responsibilities and/or required skills, experience, qualifications etc. and has been confirmed via a job re-evaluation, the Chief Executive (Scale 6 and below) or Management Team (SO1 to PO5) should have the authority to approve changes providing there are no significant budgetary implications. However, where the Chief Executive and the Portfolio Holder consider such changes to be significant, they should be referred to Cabinet for consideration/approval.
- ⇒ All other staffing structure changes that result in an increase in costs (funded and/or mainstream) should initially be considered by Management Team and then referred to Cabinet for consideration/approval regardless of the grades of affected posts.
- ⇒ In other circumstances the Chief Executive and the Portfolio Holder may deem it appropriate to refer to Cabinet establishment changes that do not increase costs. Such circumstances may include changes<sup>3</sup> ...
  - with an authority-wide impact
  - involving the sharing and/or joining of services with other local authorities
  - that are considered to be of significant public interest
  - in response to an external driver (such as an independent inspection)

#### **4 RESOURCE IMPLICATIONS**

Although the proposals set out in this report impact directly on arrangements for amending the Council’s staffing establishment, there are no financial and human resource implications associated with the procedural changes being recommended.

#### **5 CONSULTATIONS**

- 5.1 Twenty four north east councils (excludes towns and parishes) were contacted as part of the research undertaken by the Head of Organisational Development in preparing this report – twelve (half) of which provided details of their establishment control arrangements. This research revealed that eight (or two thirds) do not require elected member approval to change staffing structures. However, of these eight, seven require elected member approval (at Cabinet or Committee level depending on political management arrangements) when changes increase costs.
- 5.2 The Director of Resources, Monitoring Officer and Head of Organisational Development have contributed to the preparation of this report and Management Team has endorsed the report’s recommendations.

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<sup>3</sup> This list is not exhaustive.

## **6 OTHER MATERIAL CONSIDERATIONS**

### **6.1 Links to Corporate Ambitions/Values**

The external drivers referred to at paragraph 3.2.3 will impact directly on the Council's corporate ambitions and values and the proposed establishment control changes will ensure that the Council's staffing structures are geared towards their achievement at all times.

### **6.2 Risk Management**

The Council faces the risk of failing to deliver efficient, customer-focused services if its structures are not fit for purpose – and the proposals set out in this report are designed to mitigate this risk. Furthermore, the safeguards and limitations that are also being proposed will ensure that all establishment changes are appropriate, justified and affordable.

### **6.3 Health and Safety**

No additional implications have been identified.

### **6.4 Equality and Diversity**

The Head of Organisational Development is responsible for the administration and maintenance of the Council's Single Status Agreement (and the national job evaluation scheme on which it is based). This ensures consistency and equality in the Council's establishment control arrangements.

### **6.5 Legal and Constitutional**

The Council's Solicitor advised that this Report be considered by Cabinet prior to Council approval. Changes to the Constitution will also be required to reflect these proposals.

### **6.6 Procurement**

No additional implications have been identified.

### **6.7 Other**

No other material considerations have been identified.

## **7 OVERVIEW AND SCRUTINY IMPLICATIONS**

None has been identified.

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**Contact Officer**

Alan Boddy  
Head of Organisational Development

**Telephone Number**

01388 816166 Ext. 4500

**E-mail address**

[aboddy@sedgefield.gov.uk](mailto:aboddy@sedgefield.gov.uk)

**Wards:** Proposals are not ward specific

**Background Papers:**

Sedgefield Borough Council's Constitution

Single Status Agreement

Sedgefield Borough Council, UNISON and GMB – March 2006

Service Transformation: A Better Service For Citizens And Businesses, A Better Deal For The Taxpayer

Sir David Varney – December 2006

Well Placed To Deliver? Shaping The Pattern Of Government Service

Sir Michael Lyons – March 2004

Transformational Government Strategy

Cabinet Office – November 2005

Local Government White Paper (Strong and Prosperous Communities)

Department of Communities and Local Government October 2006

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**Examination by Statutory Officers**

	YES	N/A
1 The Council's Head of the Paid Service or his representative has examined the content.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2 The Council's S.151 Officer or his representative has examined the content.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3 The Council's Monitoring Officer or his deputy has examined the content.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4 The Council's Management Team has examined the content.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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# Item 9

## REPORT TO CABINET

15th February 2007

Report of Chief Executive

Portfolio: Strategic Leadership

### CONFERENCES

#### 1. SUMMARY

1.1 To consider the Council's representation at the following:-

- (a) LGA Culture, tourism and sport conference & exhibition 21-22 March 2007, Sheffield.

#### 2. RECOMMENDATION

2.1 That the Director of Leisure Services and the Cabinet member for Leisure and Culture represent the Council at the conference and exhibition.

#### 3. DETAIL

3.1 This years conference will build on the three key themes in the LGA'S closer to people and places: a new vision for local government campaign-improving public services; improving the quality of life and economic performance of cities, towns and villages; and giving people greater power and influence over their lives.

#### 4. FINANCIAL IMPLICATIONS

4.1 The cost of the LGA conference and exhibition is: £350.00 plus VAT per delegate.

### CONSULTATION

5.1 Not applicable.

**Contact Officer:** Tom Dyer

**Telephone No.** (01388) 816166 – 4219

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### Background Papers

Notice from LGA: Culture, tourism and sport.

## 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 type="checkbox"/>	<input checked="" type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. The report has been approved by Management Team	<input type="checkbox"/>	<input checked="" type="checkbox"/>

# Item 10

## REPORT TO CABINET

15<sup>TH</sup> FEBRUARY 2007

## REPORT OF DIRECTOR OF NEIGHBOURHOOD SERVICES

### Portfolio – Housing

#### Private Sector Housing Renewal Capital programme 2006/07 – Haig Street Group Repair Scheme

#### 1. SUMMARY

- 1.1 The Council has identified three priority areas of Chilton West, Dean Bank Ferryhill and Ferryhill Station for intervention in accordance with the proposals outlined in the Master Plan produced by Llewellyn Davies, which was adopted by Cabinet on 13<sup>th</sup> July 2006.
- 1.2 A number of proposals were developed for “The Rows” site at Ferryhill Station including one for the redevelopment of the entire site and one retaining the south side of Haig Street, comprising 14 properties. Both the local community and the professional team chose retaining these 14 properties as their preferred option. The Master Plan further proposed that the Council carry out a Group Repair Scheme to the retained properties on the south side of Haig Street.
- 1.3 A Group Repair Scheme involves an external fabric overhaul to the exterior of a group or block of properties. Following full consultation with local residents, which included their choice for re-housing options, it was agreed the south side of Haig Street (evens) should be retained and subject to a Group Repair Scheme. This would enable it to be integrated alongside the new build properties as part of a sustainable regeneration of ‘The Rows’ site.

#### 2. RECOMMENDATION

- 2.1 In accordance with Contract Procedure Rules No. 1 and No. 8 (Negotiated Tenders – Estimated Cost in Excess of £10,000), The Director of Neighbourhood Services negotiate a price with Robertson Simpson Limited to act as contract administrator and that providing the tender price received is less than £35,000 delegated authority for approval be vested with the Director of Neighbourhood Services in consultation with the portfolio holder.

### **3. STRATEGIC CONTEXT**

- 3.1 Group Repair Schemes have been available as a housing regeneration tool since the introduction of the Housing Grants, Construction and Regeneration Act 1996. This legislation prescribed the nature and extent of the assistance that could be offered to a participant in the scheme by the Local Authority. The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 gave Local Authorities greater flexibility surrounding the nature and extent of assistance it could offer to participants upon the adoption of its own eligibility criteria.
- 3.2 Group Repair is used as a regeneration tool in the following ways: -
- Where there is a clear strategic reason for intervention including synergy with other programmes or schemes
  - To deliver improvement to the visual amenity of a block of properties
  - To boost confidence in the future of an area as a sustainable neighbourhood
  - To improve the condition of repair of the individual properties in the scheme
  - Group Repair Scheme will be a vital tool in the delivery of renewed confidence in the master plan areas and the development of sustainable communities.
- 3.3 The eligible works for a Group Repair Scheme are external only and aim to improve the visual appearance of the terrace as well as leaving the properties in a good state of repair. To be successful the scheme would generally require 75% of the homeowners in the terrace to take part and agree to minimum works to their property including: -
- Repairs to chimney stacks including re-pointing and brick cleaning
  - Re-roofing where necessary
  - Provision of new barge boards, gutters and down pipes
  - Re-pointing and brick cleaning of external walls
  - Replacement windows and doors where necessary
  - Minor repairs to rear yard walls and gates

#### **EDEN TERRACE CHILTON GRS – DELIVERY METHOD**

- 3.4 The Council has recently completed a successful Group Repair Scheme at Eden Terrace in Chilton, which has been nominated for the Civic Trust award linked to the Durham Road Chilton Regeneration Project and the Durham County Council Route Way scheme.
- 3.5 Robertson Simpson Limited, Consultants, project managed the Eden Terrace contract on behalf of the Council. The project brief included surveying the scheme and the preparation of individual schedules of work for each property, tender preparation and management of the tendering process in accordance with the Council's contract procedure rules,

contract supervision on site including all valuations and health & safety management issues including CDM risk assessment and management.

- 3.6 Robertson Simpson Limited were instrumental in the delivery of the successful outcome of the Eden Terrace Group Repair Scheme. Taking into account the expansive nature of the contract brief, the high quality of work and contract documentation received from the consultant produced at a fee rate of 7.5%, which is competitive and represents value for money, it is proposed that they be asked to submit a proposal to deliver the Haig Street Group Repair Scheme in accordance with Contract Procedure Rules No. 1 and No. 8 (Negotiated Tenders – Estimated Cost in Excess of £10,000).

#### **4. THE ROWS – DELIVERING CHANGE**

- 4.1 This is one of the Council's three priority areas that has suffered for some years from the effects of a failing housing market including low demand and anti social behaviour. The Council has previously carried out compulsory purchase to both the former site of Chapel Row at the front of the site and to the three terraces at the centre of the site in an effort to halt the decline. A Neighbourhood Renewal Assessment was completed on the remainder of the Rows in February 2006 and found in favour of the proposal to redevelop the entire site and retain one terrace at the south side of Haig Street, (evens) comprising 14 properties. Both the local community and the professional team also chose retaining these 14 properties as their preferred option. The Master Plan further proposed that the Council carry out a Group Repair Scheme to the retained properties on the south side of Haig Street. There is a need to move forward to build community confidence in the Council's ability to deliver regeneration. A Group Repair Scheme at Haig Street would be an indication of the Council's commitment to the wider scheme and assist to integrate the retained terrace with the planned new build on the remainder of the site.
- 4.2 Time constraints exist due to the need to commence the Compulsory Purchase Order and also in relation to the funding made available from the Regional Housing Board via the Single Housing Investment Pot (SHIP), therefore, given the expansive nature of the contract brief, the high quality of work and contract documentation received from the consultant previously together with the quality customer focussed service, produced at a fee rate of 7.5%, which is competitive and represents value for money, Robertson Simpson Limited be invited to submit a proposal to carry out the work at Haig Street on a similar basis to that delivered at Eden Terrace. It is estimated that the cost of fees will be approximately £35,000.

## **5. RESOURCE IMPLICATIONS**

- 5.1 As part of the Durham Coalfield Housing Renewal Partnership the Borough Council has been awarded £566,000 Single Housing Investment Pot resources in 2007/08, which has been allocated to assist in delivering the interventions proposed by the Master Plan at Ferryhill Station including supporting delivery of the Haig Street Group Repair Scheme. These resources are currently administered by Easington District Council on behalf of the Durham Coalfield Housing Renewal Partnership and are paid as grant to the Council to support appropriate schemes on submission of a claim. Based on the cost of the works carried out at Eden Terrace it is envisaged that the works required at Haig Street GRS will be in the region of £490,000, the fee rate proposed by Robertson Simpson can also be accommodated from this funding. This figure will be reduced by client contributions of up to 25% of the cost of the works, carried out on behalf of participating owners, based upon the results of a test of resources.

## **6. CONSULTATIONS**

- 6.1 Consultation has been carried out via the Master Planning exercise and additional consultation has been carried out with Three Rivers Housing Association, Local Residents Associations, Public Meetings and individual home visits to those affected by the proposal.

## **7. OTHER MATERIAL CONSIDERATIONS**

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

The Community Strategy Outcomes include a Borough with Strong Communities where residents can access a good choice of high quality housing. The Council's ambitions, which are linked, to the Community Strategy outcomes and are articulated through the Corporate Plan and the Medium Term Financial Plan. Our ambitions include delivering a Borough with Strong Communities with good quality affordable housing in safe neighbourhoods. The delivery of the Group Repair Scheme at Haig Street Ferryhill Station will play a direct role in the delivery of these ambitions.

### **7.2 Risk Management**

A number of risks exist with Group Repair Schemes and have been identified by the Council's Risk Assessment procedure and completion of the STORM risk assessment matrix, these include: -

- Limited take up of the scheme by owners of the properties; the Private Sector Renewals Team are working with owners to maximise the take up at an early stage of the scheme.
- Failure of the contractor to complete the scheme; the usual arrangements will be put in place to mitigate this risk including a

full evaluation of potential contractors as part of the selection process, an appropriate bond to sit alongside the contract, proven project management arrangements and regular site meetings between the private sector renewals team, the project manager and the contractor.

- Lack of resources; funding has been made available via a successful bid to Single Housing Investment Pot (SHIP) 2.

### 7.3 Health & Safety

Contract administration and management arrangements will be put in place to ensure that all health and safety risks are managed appropriately.

### 7.4 Equality & Diversity

The Council's duties in terms of promoting equality and diversity have been taken into account in the recommendation arising from this report.

### 7.5 Sustainability

One of the objectives of the Master Plan proposals is to improve the housing choices available to meet current and future demand and to support economic growth by providing modern attractive homes in sustainable neighbourhoods, which will contribute to the delivery of sustainable communities throughout the Borough.

### 7.6 Crime & Disorder

The Council's duty under Section 17 of the Crime & Disorder Act 1998 has been taken into account in considering the recommendation made in this report.

### 7.7 Legal & Constitutional

The Housing Grants, Construction and Regeneration Act 1996 and the guidance given in the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 together with the Council Contract Procedure Rules have been considered in the making the recommendation arising from this report.

## 8. **OVERVIEW AND SCRUTINY IMPLICATIONS**

None

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**Telephone Number** 01388 816166 Ext. 4279  
**E-mail address** [astephenson@sedgefield.gov.uk](mailto:astephenson@sedgefield.gov.uk)

**Wards:** All

**Background Papers:**

The Housing Grants, Construction and Regeneration Act 1996 and the guidance given in the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002

Sedgefield Borough Housing Renewal Assistance Policy 2006/07

Coalfields Housing Renewal - Masterplanning - Report to Cabinet

Private Sector Housing Capital Programme and the Single Housing investment Programme Round 2 - Report to Cabinet

Private Sector Housing Renewal Capital Programme 2005/06 – Eden Terrace Group Repair Scheme – Report to Cabinet

**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"/>



## REPORT TO CABINET

DATE 15th FEBRUARY 2007

### REPORT OF THE HEAD OF STRATEGY & REGENERATION

#### Portfolio: Social Regeneration & Partnership

#### REGENERATION MAINSTREAM CAPITAL PROGRAMME

##### 1. SUMMARY

- 1.1 An underspend is predicted within the Regeneration Mainstream Capital Programme 2006/07. This report seeks approval to reallocate resources to three reserve projects.
- 1.2 The report provides details of areas of expenditure for a proposed series of environmental improvements in Aycliffe Village, Half Moon Lane - General Improvement Area Spennymoor, and works within the grounds of St. Edmunds Church, Sedgefield.

##### 2. RECOMMENDATION

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

- 2.1 Approve the further development and implementation of the projects as outlined in the report.

##### 3. Background

- 3.1 In May 2006 Cabinet agreed a Regeneration Mainstream Capital Programme that included an allocation of funding towards a series of project proposals.
- 3.2 Currently approximately £97,000 remains uncommitted within the approved budget due to a number of projects not being able to be progressed. As such, a series of reserve projects are being brought forward for further development and implementation.
- 3.3 The reserve projects being brought forward for approval have been assessed against the regeneration priorities for the Borough. All three schemes are of an environmental nature and will enhance the public realm in Conservation Areas as well as in response to public concern.

### **Project Proposals**

- 3.4 The reserve schemes to be funded from the Regeneration Mainstream Capital Programme are outlined as follows;

<b>Scheme</b>	<b>Funding Requested</b>
Aycliffe Village Env. Improvements	£63,690
Half Moon Lane Enhancement	£21,000
Grounds of St. Edmunds Church	£12,499
<b>Total</b>	<b>£97,189</b>

An overview of the key aspects of the project proposals is outlined below.

#### **Environmental Improvements to Aycliffe Village**

- 3.5 This is a package of works aimed at improving the main A167 corridor through Aycliffe Village. The scheme would see a series of works designed to improve this important gateway village to both the Borough and County Durham. The works proposed have been developed in relation to the status of Aycliffe Village as a Conservation Area, and will take account of the Borough Council's duty to preserve and enhance the character and appearance of the Conservation Area.
- 3.6 Given the highways nature of the project, the proposal has been initially developed by Durham County Council with input from Great Aycliffe Town Council. Due to partnership funding now being available to the County Council a proposal is being put forward to make a series of improvements to include resurfacing of the footpath along the A167 in a conservation paving together with more appropriate street furniture and lighting columns that reflect the Conservation Area status of the village.
- 3.7 Sedgefield Borough Council's Technical Services Division have carried out a cost comparison exercise of the project costs to ensure that value for money would be demonstrated by providing financial support to a scheme of this nature.
- 3.8 The total project cost is £119,290. Durham County Council have committed £55,600 to the proposal. A contribution of £63,690 is therefore sought from the Borough Council towards the implementation of the project.
- 3.9 By supporting the scheme to the value outlined above, the scheme will be able to be extended to a logical extent within the village, and additional benefit secured from the investment planned by Durham County Council. Durham County Council have highlighted that without Sedgefield Borough Council support, the scheme would be reduced in scale covering a smaller area of the village as well as lower grade materials being used. Detailed discussions are being entered into with the County Council to consider the

material options available given the need to achieve a balance between high quality design, whilst meeting the necessary highway standards.

### **Environmental Improvement – Half Moon Lane Area, Spennymoor**

- 3.10 This project involves the environmental enhancement of the former General Improvement Area surrounding the Half Moon Lane, Salvin Street and Pearson Street area of Spennymoor.
- 3.11 Following discussions with local residents and the local Councillors for the area, an initial proposal has been developed by the Planning & Technical Services Section of the Council in order to improve the surrounding environment and streetscape.
- 3.12 The current environment is characterised by the existence of a number of raised planters that have fallen into a poor state of repair. The proposal involves remedial work to the planters and improvements to the street furniture and paving.
- 3.13 A phased approach is being considered for the work with an initial contribution being requested of £21,000. Further detailed work will be undertaken by Planning & Technical Services to develop this scheme and start work within this financial year.

### **St. Edmunds Church, Sedgefield Village**

- 3.14 Following work with a range of partners within Sedgefield Village, a proposal has been developed to carry out a series of enhancements to the public realm, footpath, steps, lighting columns and railings within the grounds of St. Edmunds Church. The footpaths within the church yard provided a pedestrian thoroughfare through the village for the whole community to use.
- 3.15 The proposed works within the grounds of St Edmund's Church take account of the Borough Council's duty to preserve and enhance the character and appearance of this important Conservation Area. The Church is one of only two Grade 1 listed buildings in the Borough.
- 3.16 The scheme cost is £44,966. Additional funding has been secured from Durham County Council, Sedgefield Town Council, Sedgefield Charities and Friends of St. Edmunds Church. An allocation of £12,499 is therefore requested from the Mainstream Capital Regeneration Budget towards the project.

## **4. CORPORATE POLICY IMPLICATIONS**

- 4.1 Detailed involvement has been sought from Planning & Technical Services Division of the Council in the development of these projects. This

will continue, as the proposals are further developed to ensure that any planned Borough Council investment is protected and spent accordingly.

- 4.2 The corporate policy implications of future maintenance will be further explored, particularly in relation to the Half Moon Lane enhancement scheme, as currently the Borough Council has the duty of maintenance to the raised planters and street furniture within the area.

## **5. RESOURCE IMPLICATIONS**

- 5.1 The finance requested for the proposals as outlined above is being sought from within existing budget provision allocated to the Regeneration Mainstream Capital Programme as part of the budget setting process for 2006/07. This request relates to refocusing of the above budget to take account of changing circumstances and opportunities.
- 5.2 Due to the highway nature of the Aycliffe Village scheme, Durham County Council have committed to any future maintenance of the scheme, and are currently considering the material options available to ensure that the budget price is adhered to and the final choice meets appropriate standards.

## **6. CONSULTATIONS**

- 6.1 In bringing these projects to this stage, a series of local consultation has been undertaken with local partners.
- 6.2 It is recognised that subject to Cabinet approval to consider the funding request, that further local consultation occur with key partners to ensure that the design solutions put forward meet with local aspirations for the area.

## **7. OTHER MATERIAL CONSIDERATIONS**

- 7.1 Risk Management – The initial project proposals received have highlighted the risks associated with implementation of the projects and steps are being taken to mitigate against them. With the Aycliffe Village schemes close supervision of the Durham County Council contract of works will be requested in order to protect the Borough Council intended investment.
- 7.2 Procurement – Any future procurement will follow the Council's agreed procurement policy in order to satisfy value for money criteria. Work has been undertaken on the Aycliffe Village proposal by Technical Services to ensure that the costs proposed are appropriate. Given the highway nature of the works, these will be undertaken by Durham County Council and tendered accordingly. Given the Grade 1 status of St. Edmunds Church the works will be lead by Planning and Technical Services Department of the Borough Council.

- 7.3 Sustainability – This has been considered in terms of enhancing the environmental quality of the Borough and also in terms of the materials that have been considered for use on both projects.

## 8. OVERVIEW AND SCRUTINY IMPLICATIONS

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

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**Wards:** Low Spennymoor & Tudhoe Grange, Neville & Simpasture & Sedgefield

**Key Decision Validation:** N/A

**Background Papers:**

- Internal**  
 1 Regeneration Mainstream Capital Programme  
 2006/07

May 2006  
 Cabinet Report

### 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"/>

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# **THE PROVISION OF AFFORDABLE HOUSING**

## **REPORT OF THE REVIEW GROUP**

**NOVEMBER 2006**

### **Members of the Review Group**

Councillor J. Wayman J.P. (Chairman)  
Councillor W. M. Blenkinsopp  
Councillor J. E. Higgin  
Councillor J. P. Moran  
Mrs. M. Thomson (Tenant Representative)





# CONTENTS

	<b>Page</b>
<b>CHAIRMAN'S INTRODUCTION</b>	1
<b>SUMMARY</b>	3
<b>MAIN FINDINGS</b>	
Background	5
National Context	5
Regional Context	7
Local Context	7
<b>POLICY AND LEGAL FRAMEWORK</b>	
National Planning Policy	9
Regional Planning Policy	10
Local Planning Policy	11
<b>DEFINING AFFORDABLE HOUSING</b>	14
<b>DELIVERING AFFORDABLE HOUSING</b>	16
<b>HOUSING LAND DEVELOPMENT COSTS</b>	18
<b>CONCLUSIONS AND RECOMMENDATIONS</b>	19

## **Acknowledgements**

The Review Group would like to express its thanks and appreciation to all those who have contributed to this Review. The valuable input and assistance received throughout the Review have greatly contributed to the work undertaken.

## **Further Information**

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## **C**HAIRMAN'S INTRODUCTION

We are all familiar with the saying "*an Englishman's home is his castle*", but what about the people who face difficulties in securing an affordable home?

The housing market in Sedgefield Borough has changed considerably over the last few years, with an increasing gap between incomes and house prices and a growing demand for social housing.

The mounting shortage of affordable housing in the Borough means that local people often cannot buy a home in the areas in which they wish to live - very often the towns, villages and communities where they have grown up, have established family links and wish to settle. A failure to address this situation can have severe consequences, with families, young people and local employees having to move out of the Borough to seek more affordable housing elsewhere.

Sedgefield Borough Council has recognised the difficulties that people face in these circumstances and is committed to securing an adequate provision of affordable housing, which is so essential to sustain and develop the strong communities for which the Council strives.

In undertaking this Review, my colleagues and I have sought to better understand the difficulties of securing affordable housing, a challenge for individuals throughout the country. At the same time, we have explored how affordable housing can be successfully provided throughout the Borough and the key role the Borough Council can play in contributing to this goal.

It has been a very interesting journey and I look forward to the developments which follow the Review Group's recommendations. I hope the work undertaken is a first step towards ensuring that we can meet the housing needs of the people of the area, both now and in the future, and we can all enjoy the benefits of living in Sedgefield Borough.

**Councillor J. Wayman J.P.**

Chairman

The Provision of Affordable Housing Review Group



# **INTRODUCTION**

## **Membership of the Review Group**

Councillor J. Wayman J.P. (Chairman)  
Councillor W. M. Blenkinsopp  
Councillor J. E. Higgin  
Councillor J. P. Moran  
Mrs. M. Thomson (Co-opted Tenant Representative)

## **Purpose of the Review**

The Review seeks to identify how the Council can:

- Define affordable housing at a local level.
- Identify any potential need for affordable housing in the Borough.
- Examine the partnership and policy options to help deliver suitable levels of affordable housing in the Borough.

## **Contribution to the Council's Ambitions and Community Outcomes**

The Council's ambitions and community outcomes are shown in its Annual Corporate Plan. The Review contributes towards the Council's ambition to create a Borough with strong communities and the community outcome of securing quality affordable housing.

## **Process/Methodology**

The Review Group gathered information and evidence as follows:

1. The Review Group has met on several occasions between May and November 2006
2. Attendance by the following to provide information, undertake presentations and respond to questions from the Review Group:
  - Ian Brown, Housing Strategy Manager
  - Chris Myers, Forward Planning Manager
  - Rachel Allum, Senior Development Control Officer
  - Michelle Robinson, Senior Policy Officer
  - Councillor Bill Waters, Portfolio Holder for Housing

3. Analysis of:
  - A review of national planning policy and development of a new Supplementary Planning Document for Affordable Housing, prepared on behalf of Sedgefield Borough Council by Jessica Annan, Niall Kelly, Paul McDonald, Mark O'Sullivan and James Renwick; University of Newcastle upon Tyne, May 2006
  - 2006 Annual Halifax Key Worker Housing Review
  - Local house price data
  - Local income data
  - Housing demand information
4. A site visit to Tees Valley Housing, a registered social landlord, to view a number of different affordable housing developments
5. Interview with an applicant to the Authority's first affordable housing scheme in Sedgefield, to gain the perspective of a first-time buyer

# MAIN FINDINGS

## Background

The housing market in Sedgefield Borough has changed significantly over the last 3 years, with rapid increases in house prices and increased demand for social housing. The provision of sustainable communities, with a mix of tenure and house types, is a key strategic issue for the Borough.

At the time of the Review, there was no standard definition of affordable housing available to local authorities. However, with the publication of Planning Policy Statement 3 (PPS3) in November 2006, there is now an agreed national definition.

The Government's definition of affordable housing, contained in PPS3, states that affordable housing is non-market housing provided to those whose needs are not met by the market. It can include social-rented and intermediate housing, for example shared equity, and should normally meet the needs of current and future eligible households, for example through restrictions on price, eligibility and resale. It includes private sector and unsubsidised homes that meet the definition.

It is up to each local authority to determine what affordable housing is and local definitions will inevitably vary, influenced by the needs and circumstances of a particular area.

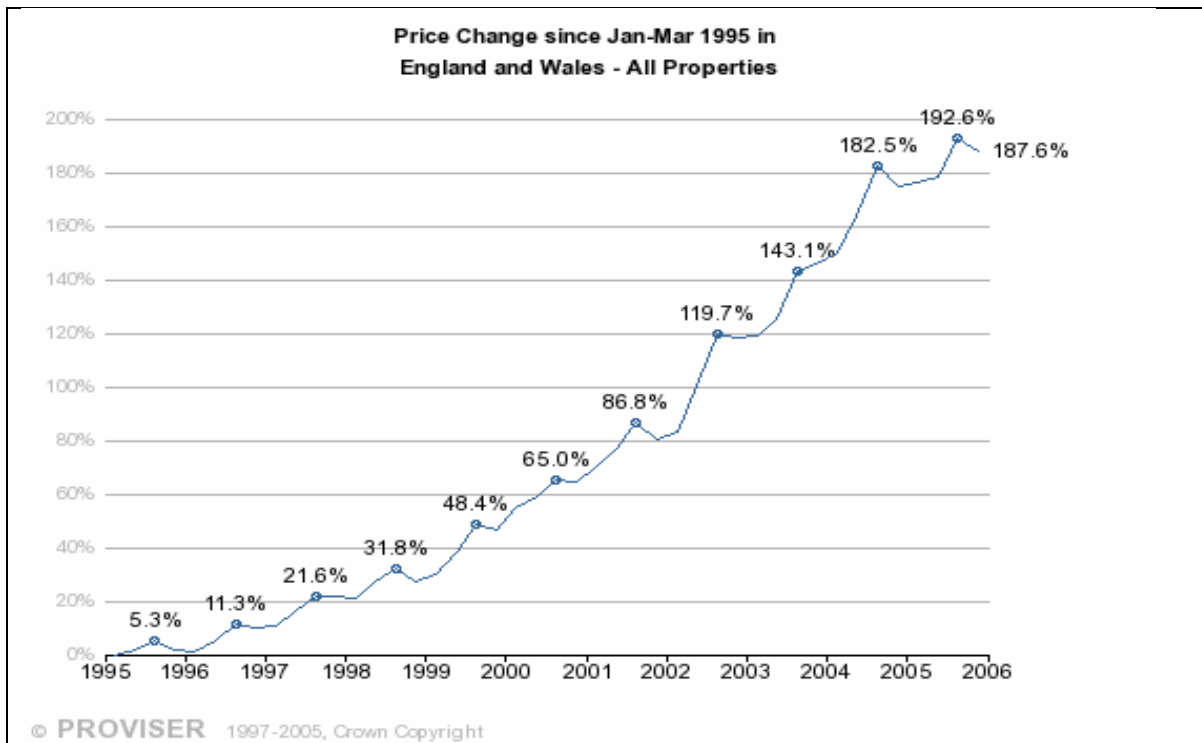
## NATIONAL CONTEXT

Until recently, affordable housing was considered an issue primarily facing other parts of the country, particularly the South East and South West of England, national parks and rural communities.

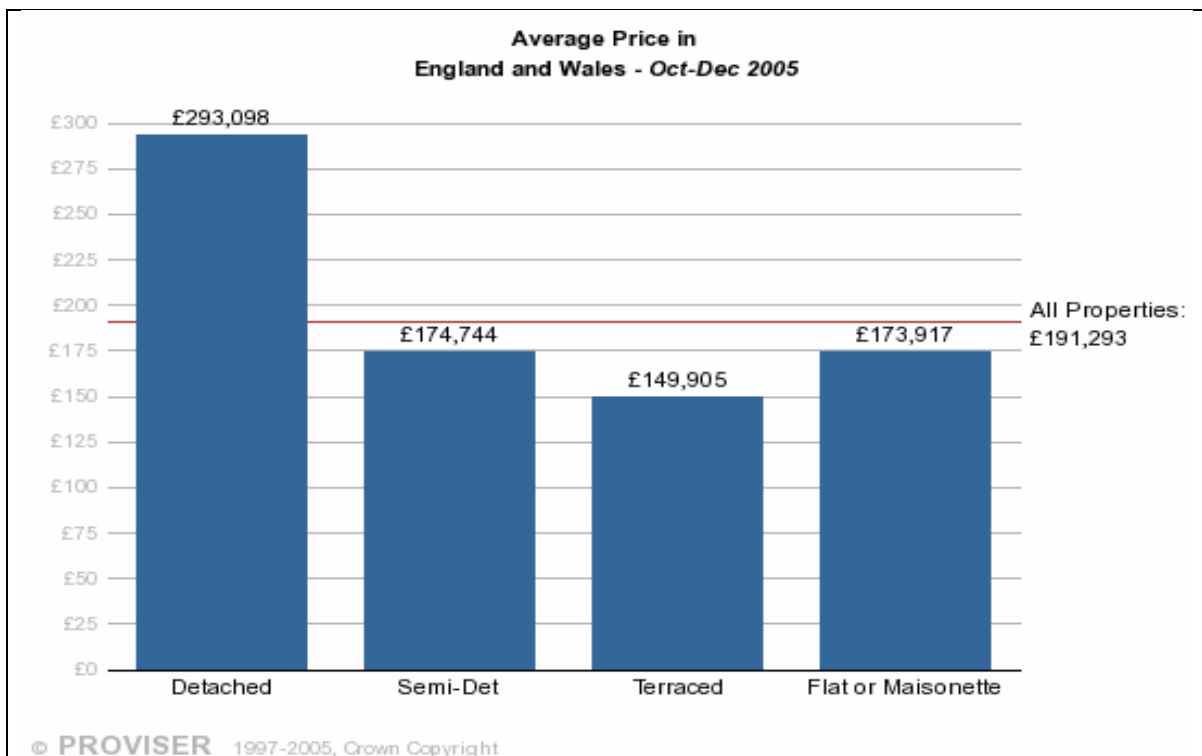
However, the UK population has increased by 7% since 1971, from 55.9 million to 59.8 million, growing more rapidly in recent years. Household formation, based on the 2001 Census, has been estimated at 179,000 households per annum in England. However, only 134,000 extra houses were built in 2002.

The UK has experienced a long-term upward trend in real house prices, with just under a 500% real house price rise over the last 20 years. This has created problems of affordability and impacted on economic performance.

In order to deliver a trend in real house prices of 1.8%, an additional 70,000 houses each year in England might be required. To bring the real price trend in line with the EU average of 1.1%, an extra 120,000 houses each year might be required.



**Table 1: House Price Change since Jan-March 1995 in England and Wales**



**Table 2: Average House Price in England and Wales - Oct-December 2005**



Government concerns about the impact of house price growth led to the commissioning of the Barker Review of Housing Supply, *Delivering stability: securing our future housing needs*, the final report of which was published in 2004.

This review of housing supply showed that the housing market is not responding sufficiently to meet the needs of the country's ageing and growing population, with an ever-increasing gap between supply and demand. It found that over the last 30 years house building rates have halved, whilst over the same period demand for new homes has increased by a third.

In its response to the Review, the Government announced its intention to increase the rate of housing delivery in England from 150,000 homes per year in 2005 to 200,000 per year by 2016.

The subsequent Barker Review of Land Use Planning, which reported in late 2006, highlighted the role planning needs to play to deliver sustainable economic development in the context of the pressures of a growing population, rising incomes, changing demographics, climate change and the competitive challenges of rapid changes in the global economy.

## **REGIONAL CONTEXT**

Two key strategic documents will influence future housing provision across the Borough.

- **Regional Housing Strategy**

This outlined the emerging issue of affordability across the region, whilst recognising that low demand exists in a number of areas, including former County Durham Coalfield areas.

- **Regional Spatial Strategy**

The Regional Spatial Strategy is an important planning document for the North East. It will determine future housing provision across the Region and the Borough.

## **LOCAL CONTEXT**

Sedgefield Borough's Community Strategy and Corporate Plan identify "strong communities" as a key theme. Housing has a major role to play in delivering this aspiration. This issue is reinforced in the Council's Housing Strategy 2006.

A number of key issues face the Borough, including a strong demand for a limited and reducing stock of Council properties and an ageing population with significant health problems.

There are emerging issues of affordability in many communities and low demand/ failing housing markets in some areas. At the same time, the Borough has an over-supply of older private sector terraced housing, representing 50% of housing stock, compared to 25% nationally. The growth of the private rented sector also has a negative impact on some communities.

The population of Sedgefield Borough rose by 6% between 1982 and 2002 to 87,300, comprising 37,514 households. 35% of people live in the most deprived Super Output Areas nationally.

The average gross weekly pay for a full-time worker resident in Sedgefield is around £376.30, which compares unfavourably with the North East average of £393.60 per week and the national average of £449.60.

In April 2006 Sedgefield Borough's housing stock of 40,740 properties comprised:

29,137	owner-occupied
8,803	Council properties
1,596	registered social landlord
1,204	private rented

736 properties had been empty for more than six months.

As at April 2006, the Borough Council's housing stock of nearly 9,000 properties was continuing to decline, as a result of the Right to Buy Scheme. The annual tenancy turnover was 858, but this has been reducing as a percentage over the last five years. At the same time, there were 2,941 applicants on the housing register, as follows:

378	1 bed properties
1,984	2 bed properties
508	3 bed properties
71	more than 3 bed properties

## **Policy and Legal Framework**

The Review Group considered the policy context and the planning and legal tools available to the Borough Council to provide affordable housing.

### **NATIONAL PLANNING POLICY**

In identifying a need for affordable housing, three documents are important:

- Planning Policy Guidance Note 3 (2000)
- Draft Planning Policy Statement 3 (2005) - This was subsequently replaced by the publication of Planning Policy Statement 3 (2006)
- Circular 6/98 - Planning and Affordable Housing (1998)

It should be noted that, following the conclusion of the Review, PPG3 and Circular 6/98 were cancelled in November 2006 with the publication of Planning Policy Statement 3 (PPS3).

#### **Planning Policy Guidance Note 3 (PPG3)**

Affordable housing is a material planning consideration, requiring the local authority to demonstrate a need and ensure any affordable housing scheme satisfies local needs.

The Housing Needs Study will be used to demonstrate need. It is therefore important to ensure that this study is updated at an appropriate time to reflect changes in the housing market in the Borough and provide a valid evidence-base.

The guidance suggests local policies should:

- Define what is affordable in terms of income levels, property prices and rent levels.
- Indicate how many affordable homes should be developed in the area, taking account of different household characteristics.
- Identify the sites where affordable homes will be provided and the level of provision.

#### **Planning Policy Statement 3 (2006) (PPS3)**

PPS3, and its predecessor Draft PPS3 (2005), defines affordable housing as social rented and intermediate housing, but excludes low cost housing.

The most significant change from previous guidance is the threshold reduction, allowing need to be applied to sites of 15 or more dwellings (rather than 25 dwellings under the old guidance), enabling local authorities to provide affordable housing.

In addition, a rural exceptions policy can be applied to enable local authorities to bring forward smaller sites in rural areas.

A sound evidence-base for the provision of affordable housing is needed, requiring the preparation of a sub-regional housing market assessment to determine need and guide the location of affordable provision.

### **Circular 6/98**

Circular 6/98 is aimed at creating a balance and reinforces the Government's position that affordable homes can only be required on sites that are large enough to accommodate a reasonable mix of house types and sizes. It also specifies that provision should be based upon a clear and up-to-date assessment of local need.

Circular 6/98 states that local planning authorities should use the following criteria to assess suitability:

- Site size, suitability and economics of provision:
  - Proximity of local services, facilities and public transport.
  - Costs associated with development of the site.
  - Whether affordable provision prejudices realisation of other planning objectives.
- The need to achieve a successful outcome:
  - Incorporate a mix of affordable housing types, such as family and smaller households.
  - Determine number of dwellings to be provided and how these would be implemented and subsequently managed.

## **REGIONAL PLANNING POLICY**

### **Regional Planning Guidance Note 1 (2002)**

Regional Planning Guidance Note 1, Policy H7, is important in terms of regional planning policy and needs to be taken into account when determining applications.

The guidance lists five criteria:

- Establish need through the Housing Needs Survey.
- Identify type and size of properties needed.
- Locate dwellings close to public transport.
- Clearly identify mix of dwellings required.
- Take account of rural as well as urban need.

### **Draft Regional Spatial Strategy (2005)**

The Draft Regional Spatial Strategy was issued in 2005. The Strategy has been prepared by the North East Assembly, in liaison with local authorities and other regional stakeholders, and will replace existing Regional Planning Guidance for the North East. Following public consultation, the final Strategy will follow and is likely to be adopted in 2007.

The Strategy will determine how much development will take place in the region to 2021 and beyond, and where it will be located. It provides the long term framework for the region. Policy 32 states strategies, plans and programmes should:

- Improve inclusivity.
- Provide sufficient range, type, size and tenure of dwellings.
- Be informed by up-to-date housing assessment.
- Ensure dwellings are served by public transport and are accessible to jobs, services and facilities.

## **LOCAL PLANNING POLICY**

### **Borough Local Plan (1996)**

The Borough Local Plan was adopted in 1996.

Policy H19 allows for the provision of affordable housing on allocated sites, provided that a need can be demonstrated. In addition, it seeks an appropriate variety of house types and sizes.

### **Use of Section 106 Agreements to Deliver Affordable Housing**

The provision of affordable housing through the planning system is becoming increasingly important. Reduced public funding through the Social Housing Grant, and difficulties faced by registered social landlords in locating and acquiring sites, are a major constraint in delivery.

Local planning authorities, through the use of Section 106 agreements, can increase the provision of affordable homes by negotiating contributions from private developers, and Registered Social Landlords increasingly depend on land acquired through Section 106 agreements.

A Section 106 agreement is essentially a legally binding agreement between the local authority and persons with an interest in the land, typically a developer. Section 106 agreements run with the land, not the applicant, and are used to secure matters necessary to make an application acceptable, but which could not be secured through the imposition of planning conditions. For example, an agreement would prescribe the nature of a development by requiring that a proportion of housing is affordable.

Section 106 agreements, also known as planning obligations, are used to achieve a variety of planning gain, such as commuted sums for off-site play provision and for the provision of landscaping.

Circular 05/2005 sets out five tests that must be satisfied in order for planning obligations to be required:

1. Relevant to planning;

2. Necessary to make the proposed development acceptable in planning terms (such as bringing a development in line with the objectives of planning policy for the provision of affordable housing);
3. Directly related to the proposed development (either by a functional or geographical link);
4. Fairly and reasonably related in scale and kind to the proposed development (such as the developer contributing to or providing additional infrastructure provision, as long as the contribution is related in scale to the impact of the development); and
5. Reasonable in all other respects.

Planning obligations should not be used to resolve existing deficiencies, for example in infrastructure provision. The tests have been established to ensure that planning permission is not bought or sold and it is not legitimate for unacceptable development to be permitted because a developer has offered benefits or inducements.

### **Circular 05/2005**

Circular 05/2005 advises on all aspects of planning gain, but makes it clear that for Section 106 agreements to be relied upon local plan policies are crucial in justifying and seeking a planning obligation. Without a relevant and clear policy, the ability to secure affordable housing through a Section 106 agreement would be extremely difficult.

The Circular advises that planning obligation policies need to be included in Local Development Frameworks, with the detail being set out in a Supplementary Planning Document. The requirement for affordable housing through a Section 106 agreement must be in line with Local Development Framework (LDF) policy. LDF policy must identify need and set a size threshold over which a proportion of affordable housing would be provided.

A Section 106 agreement can ensure that affordable housing is provided on site and is retained in perpetuity. On the signing of a Section 106 agreement, it is recorded as a local land charge, ensuring any future purchaser of the site or property is aware of the agreement and its content.

A clear policy makes it easier to negotiate a Section 106 agreement and ensures developers have a clear understanding of what is required from the outset. It is vital that the Section 106 system is fast, predictable, transparent and accountable and that developers are able to predict as accurately as possible the likely contributions they will be asked to make through planning obligations and therefore anticipate the financial implications for developments.

Consequently, it is essential that the local planning authority and the developer have pre-application discussions and that the local planning authority has detailed a clear procedure to ensure a predictable process.

The Review Group was advised of future developments that might impact on the use of Section 106 agreements in achieving planning gain, including a Planning Gain Supplement, essentially a development tax paid to the Treasury. If introduced, the impact on achieving planning gain at a local level could be severely affected. Whilst the provision of affordable housing at a local level would still be sought via Section 106 agreements, the implementation and impact of such a tax is not yet known.

## Defining Affordable Housing

In order to deliver affordable housing in Sedgefield Borough, a clear definition is essential.

A robust evidence-base, which takes into account housing costs and household incomes, and captures intelligence in terms of price and demand, is crucial. A number of national databases, based on Land Registry records, provide information that could be used to inform policy, utilising national models of good practice.

Examples of definitions, including the Housing Needs Survey (2003) and Government Office for the North East (2005), were considered.

### Housing Needs Survey 2003

*“Affordable housing is that provided, with subsidy, both for rent and low cost market housing, for people who are unable to resolve their housing requirements in the general housing market because of the relationship between local housing costs and incomes.”*

### Government Office for the North East 2005

*“Housing provided at a cost considered affordable in relation to average incomes or the price of general market housing. Sometimes considered as falling into two sub-categories: “social housing” - where rent levels are set in line with the Government’s rent influencing regime; and “intermediate housing” - a mix of low cost home ownership products (for example shared ownership) and other reduced cost rental products primarily in the form of key worker housing.”*

The Review Group explored whether a definition for Sedgefield Borough should be Borough-wide, split into an east/west divide, or be specific to the Borough Council’s five area forum areas. It was agreed that a definition of what is affordable in Sedgefield Borough should:

- be Borough-wide.
- be comprehensive and not favour one particular form of tenure.
- encompass social rented and intermediary housing.
- consider housing costs and incomes.
- ensure homes are provided in perpetuity.
- ensure homes are fully integrated and are pepper-potted throughout the development.

A local definition of affordable housing in Sedgefield Borough was agreed, as follows:

***“Affordable housing is that which can be afforded to meet the needs of a household who are unable to resolve their housing requirements in the open housing market, due to the relationship between local incomes and house or rental prices in the open housing market.”***



***“Affordable housing consists of either “social housing” whose rent levels are set in line with Government rent policy, and “intermediary housing” such as shared ownership/reduced rental products that enable households to own part of their property.***

***“Affordable housing should be provided on the development site ensuring that they are integrated with open market value housing and they remain affordable in perpetuity.”***

## **Delivering Affordable Housing**

Affordable housing provision in the Borough can only be delivered through:

- The availability of high quality evidence
- Use of policy/legal tools
- Strong partnership working
- Effective use of existing housing stock

### **HIGH QUALITY EVIDENCE**

Whilst the provision of affordable housing is an emerging issue for the Borough, demand is not consistent across the Borough. For example, Newton Aycliffe does not experience the same affordable housing issues as Spennymoor or some of the smaller villages.

Decisions on affordable housing require quality evidence. This includes:

- Housing Needs Study
- House price data
- Income data
- Demographic information
- Housing demand information
- Available land and house building trends

### **USE OF POLICY/LLEGAL TOOLS**

Policy and legal tools are available for the Council to start to address the issue of affordable housing, if used effectively.

This includes the use of Section 106 agreements, an effective housing allocations policy and development of a Supplementary Planning Document on Affordable Housing.

### **STRONG PARTNERSHIP WORKING**

The work of the Review Group will contribute towards the Authority's response to the issue of affordable housing in the future.

It was strongly recognised, however, that affordable housing cannot be delivered by one department in isolation and a cross-cutting approach, involving housing, planning and legal sections is required.

This needs to be supported by strong partnership working with external organisations and agencies, including the Regional Housing Board, registered social landlords, landowners, developers, local communities and local councillors to develop the Authority's enabling role.

## **EFFECTIVE USE OF EXISTING HOUSING STOCK**

Effective use of existing housing stock, including local authority, privately rented and registered social landlord stock, is essential.

At the same time, the regeneration of low demand and unpopular areas of housing is vital.

## **WHAT CAN WE LEARN FROM OTHERS?**

Identifying and comparing schemes from other local authorities and organisations is beneficial in ensuring affordable housing policies are implemented as effectively as possible.

The Review Group's visit to Tees Valley Housing identified a number of aspects that could be adapted to suit needs within Sedgefield Borough. The visit particularly demonstrated that:

- Affordable housing can include specialist housing for clients/communities. This may be an issue for some areas of the Borough, e.g. low demand areas.
- Not all older-person accommodation must be bungalow accommodation, e.g. high density accommodation provided through self-contained flats.
- Affordable housing should look the same as other housing, with no differentiation between rented units, shared-ownership housing and outright house purchase on a development.
- Shared ownership solutions can deliver older-person housing as well as other housing.

## **Housing Land Development Costs**

Known development costs tend to be standard across development sites and developers should generally be aware of these costs when tendering for a site. Examples include site preparation, retaining walls, piling, highway works etc.

The experiences of other authorities has raised issues about known development costs and illustrated the need to make developers aware of the requirement to account for known housing development costs in their land acquisition. It is important to ensure that developers do not assume that they can negotiate a reduction in the affordable housing requirement after site acquisition.

At the same time, it is acknowledged that unknown development costs are a separate issue and a pragmatic approach will be required in responding to unknown development costs that were not known at the time the site was acquired and which cannot subsequently be recouped through the sale of units. These costs would have to be agreed through a confidential open book financial assessment between the Borough Council and the developer.

## CONCLUSIONS AND RECOMMENDATIONS

The housing market in Sedgefield Borough has changed significantly over the last 3 years, with rapid increases in house prices and increased demand for social housing. The provision of sustainable communities, with a mix of tenure and house types, is a key strategic issue for the Borough.

The conclusions of the Review Group are focused on four main themes:

- Defining Affordable Housing
- Intelligence
- Effective Use of Existing Housing Stock
- Delivering New Build Housing

### DEFINING AFFORDABLE HOUSING

It is a matter for each local authority to determine what affordable housing is and definitions will inevitably vary, depending upon the local area and local circumstances.

Affordable housing is that which can be afforded to meet the needs of a household who are unable to resolve their housing requirements in the open housing market, due to the relationship between local incomes and house or rental prices in the open housing market. Affordable housing consists of either “social housing”, whose rent levels are set in line with Government rent policy, and “intermediary housing”, such as shared ownership/reduced rental products, which enable households to own part of their property.

It is important to produce a very clear definition of affordable housing within Sedgefield, which provides clarity to developers.

The Review Group concluded that a definition of affordable housing within Sedgefield Borough should:

- be Borough-wide.
- be comprehensive and not favour one particular form of tenure.
- encompass social rented and intermediary housing.
- consider housing costs and incomes.
- ensure homes are provided in perpetuity.
- ensure homes are fully integrated and are pepper-potted throughout a development.

In recognising these factors, the Review Group supported the following local definition of affordable housing:

*“Affordable housing is that which can be afforded to meet the needs of a household who are unable to resolve their housing requirements in the open housing market, due to the relationship between local incomes and house or rental prices in the open housing market.”*

*“Affordable housing consists of either “social housing” whose rent levels are set in line with Government rent policy, and “intermediary housing” such as shared ownership/reduced rental products that enable households to own part of their property.*

*“Affordable housing should be provided on the development site ensuring that they are integrated with open market value housing and they remain affordable in perpetuity.”*

### **Key Recommendation**

**1. The following local definition of affordable housing is adopted by Sedgefield Borough Council:**

*“Affordable housing is that which can be afforded to meet the needs of a household who are unable to resolve their housing requirements in the open housing market, due to the relationship between local incomes and house or rental prices in the open housing market.*

*“Affordable housing consists of either “social housing” whose rent levels are set in line with Government rent policy, and “intermediary housing” such as shared ownership/reduced rental products that enable households to own part of their property.*

*“Affordable housing should be provided on the development site ensuring that they are integrated with open market value housing and they remain affordable in perpetuity.”*

## **INTELLIGENCE**

The provision of affordable housing is a material planning consideration. Sedgefield Borough Council needs to demonstrate a need for affordable housing and ensure any scheme satisfies local needs.

Access to high quality information and the use of local intelligence are essential in establishing the evidence-base for the provision of affordable housing within Sedgefield Borough. This includes:

- Housing Needs Study
- House price and local income data
- Land supply and house build data

## **Housing Needs Study**

The Housing Needs Study is a key tool in informing all areas of affordable housing provision, both new build and the use of existing housing stock. The Study would typically cover a five year period.

The Housing Needs Study is becoming out of date and there is a valid concern that the housing market in the Borough has changed considerably since it was last updated. As a result, there is a possibility that developers may challenge the current Housing Needs Study.

### ***Key Recommendation***

- 2. The Housing Needs Study is updated during 2007/08 to reflect changes in the housing market and to provide a valid evidence-base to demonstrate affordable housing needs within Sedgefield Borough.**

## **House Price and Local Income Data**

In order to ensure high quality evidence, the availability of current data on house prices and local incomes is essential. The Borough Council should continue to interrogate reliable information sources, such as HM Land Registry.

### ***Recommendation***

- 3. Information on house price data and local incomes is continuously monitored and updated and options to improve data available, including suitable software systems, be explored.**

## **Housing Land Supply and House Build Data**

Planning legislation requires all local authorities to annually update housing land supply and house build data. This information is crucial to maintaining an effective, robust and current evidence-base.

### ***Recommendation***

- 4. Housing land supply and house build data is continuously reviewed and updated.**

## **Known Development Costs**

Sedgefield Borough Council must ensure developers are aware of the requirement to account for known housing development costs in their land acquisition assessments. The experiences of other authorities demonstrates the importance of ensuring known development costs are considered to prevent developers over-bidding for sites and anticipating a subsequent reduction in the affordable housing requirement after site acquisition.

There is a need to differentiate between known and unknown development costs. Whilst known development costs tend to be standard across development sites, the Borough Council needs to take a pragmatic approach in responding to unknown development costs, i.e. those costs not known at the time the site was acquired and which cannot subsequently be recouped through the sale of units.

## **Exceptional Circumstances**

In addition, there may be exceptional circumstances to justify a reduced provision, or even no provision at all. This could be acceptable through the provision of a detailed financial appraisal that accompanies the planning application.

It is important that this financial appraisal is independently assessed when considering individual development sites where unknown development costs are a key issue.

### ***Recommendation***

- 5. Arrangements are made to secure access to independent specialist support for site-specific cases, in relation to individual development sites where unknown development costs are a key issue.**

## **EFFECTIVE USE OF EXISTING HOUSING STOCK**

In order to ensure that local needs are met, accurate and current data on the demand for Council housing stock, homelessness statistics and the number of void properties is essential.

Approximately 3,000 people are presently registered on Sedgefield Borough Council's housing waiting list. The Borough Council's allocations policy was last reviewed in 2002, following which the housing market in the Borough has changed considerably. In order to ensure effective use of local authority housing stock, the allocations policy should be periodically reviewed.

There are almost 1,600 properties in the registered social landlord sector within Sedgefield Borough. In order to provide access to registered social landlord stock to meet housing requirements within the Borough, effective engagement with this sector is needed.



Over 700 private sector properties within the Borough have been empty for 6 months or more. Clearing and reusing land and/or bringing empty properties back into use can make an effective contribution to meeting housing needs within the area.

### ***Recommendations***

- 6. The Council's housing allocations policy is kept under review to ensure it meets local circumstances and needs prior to the implementation of the Choice Based Lettings Scheme.**
- 7. The Borough Council formalises links with the registered social landlord sector in respect of nominations.**
- 8. Sedgefield Borough Council works to ensure the effective use of private sector stock through regeneration and action to bring empty properties back into use.**

## **DELIVERING NEW BUILD HOUSING**

### **Section 106 Agreements**

The number of affordable homes required in the Borough exceeds current production. Local planning authorities can increase the provision of affordable homes by negotiating contributions from private developers through the use of Section 106 agreements.

A Section 106 agreement is a legally binding agreement between the local authority and persons with an interest in the land, usually the developer, which runs with the land not the applicant. A Section 106 agreement is used to make an application acceptable that would have otherwise been unacceptable in planning terms.

A clear policy will assist negotiation of a Section 106 agreement, ensuring developers have a clear understanding of what is required of them from the outset. It is vital that the Section 106 system is fast, predictable, transparent and accountable and that developers are able to accurately predict the likely contributions required through planning obligations and therefore are able to anticipate the financial implications for developments.

It is essential that the local planning authority and developer have pre-application discussions and that the local planning authority has a clear procedure to ensure a predictable process.

There is a need to provide a strong planning policy document to cover this issue, based on the findings of the review process.

***Key Recommendations***

- 9. A Supplementary Planning Document on Affordable Housing is developed for Sedgefield Borough by September 2007.**
- 10. The Borough Council's Planning and Legal Sections work jointly to produce a model Section 106 agreement, based on good practice guidance.**

**Effective Use of Sedgefield Borough Council's Resources**

Sedgefield Borough Council can use its own resources - financial and land - to assist in addressing the need for affordable housing.

***Recommendation***

- 11. The effective use of Borough Council resources (financial and land) be reviewed, linked to the delivery of affordable housing in areas of high housing need, when necessary.**

**Enabling Role**

There are a number of potential development sites across the Borough where the landowner may not have the capacity to present and pursue a site for housing. The Borough Council can assist in such circumstances, undertaking a role in enabling sites to come forward for affordable housing.

***Recommendation***

- 12. The Borough Council assumes a role in enabling potential development sites to come forward for affordable housing to meet housing needs when appropriate.**

# Item 13a

## SEDGEFIELD BOROUGH COUNCIL OVERVIEW & SCRUTINY COMMITTEE 2

Conference Room 1,  
Council Offices,  
Spennymoor

Tuesday,  
16 January 2007

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,  
K. Thompson and J. Wayman J.P

**In Attendance:** Councillors Mrs. B.A. Clare, V. Crosby, A. Gray, Mrs. J. Gray,  
J.G. Huntington, J.M. Khan, G. Morgan and Mrs. I. Jackson Smith

**Apologies:** Councillors J. Burton, G.M.R. Howe, Ms. M. Predki, J. Robinson J.P and  
T. Ward

### **Tenant Representative**

Mrs. M. Thomson

### **OSC(2).27/06 DECLARATIONS OF INTEREST**

Members had no interests to declare.

### **OSC(2).28/06 MINUTES**

The Minutes of the meeting held on 28<sup>th</sup> November 2006 were confirmed as a correct record and signed by the Chairman. (For copy see file of Minutes).

### **OSC(2).29/06 THE PROVISION OF AFFORDABLE HOUSING REVIEW GROUP FINAL REPORT**

The Chairman of The Provision of Affordable Housing Review Group presented the report of the Review Group which had been established to identify how the Council could define affordable housing at a local level, identify any potential need for affordable housing in the Borough and examine partnership and policy options to help deliver suitable levels of affordable housing in the Borough. (For copy see file of Minutes).

The Head of Housing Management was present at the meeting to answer any queries.

It was explained that the review contributed towards the Council's ambition to create a Borough with strong communities and the community outcome of securing affordable housing.

The Review Group had gathered information and evidence through presentations by officers, analysis of information from a variety of sources, a site visit to a registered social landlord and interviewing an applicant to the authority's first Affordable Housing Scheme.

The Review focused on the following aspects: -

- Defining Affordable Housing
- Intelligence
- Effective Use of Existing Housing Stock
- Delivering New Build Housing

The conclusion and recommendations formulated by the Review Group for consideration by Cabinet were set out in the report.

Members queried whether the Council anticipated resistance from developers required to provide affordable housing. It was explained that in cases where developers felt that a need for affordable housing could not be demonstrated, i.e. in areas where house prices were already affordable or there was a low demand for rented accommodation, resistance could be experienced.

It was pointed out that developers who had purchased land unaware of the requirement to provide affordable housing may also challenge the Council.

In response to a Members question regarding the selection process for applicants to affordable housing schemes it was explained that the Council, through the use of Section 106 agreements, would ensure that applicants to local schemes had strong local connections.

With regard to the timescale for the sale of affordable housing it was explained that in cases where people with a strong local connection did not enter into the affordable housing scheme the opportunity would be rolled out to all residents of the Borough and finally to all residents of County Durham.

Members expressed concern that the introduction of affordable housing schemes could cause a decline in the value of older property types. In response it was explained that developers were only required to designate 20% of their development site as affordable housing.

It was also pointed out that as a result of an assessment criteria affordable housing schemes could not be introduced in all areas of Sedgfield Borough

It was emphasised that housing led regeneration would continue to be made throughout the Borough, especially in the three priority areas of Chilton West, Ferryhill Station and Dean Bank.

*RECOMMENDED: That the report and recommendations contained therein be submitted to Cabinet for consideration.*

#### **OSC(2).30/06 OVERVIEW AND SCRUTINY REVIEW - STREET SAFE**

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

A suggested timetable for the implementation of Cabinet recommendations was also attached to the report.

Reference was made to Recommendation 3 - **that Sedgefield Borough Council develop its own Community Safety Strategy taking into account its Section 17 responsibilities for crime and disorder and anti-social behaviour**. It was explained that the Performance Review, which would contribute to the development of a Section 17 Strategy for Sedgefield Borough, was ongoing. It was pointed out that every department had a responsibility to contribute to the performance review.

With regard to Recommendation 6 - **that local targets be developed by the Street Safe Partnership which are consistent with national targets in order to measure success and effectiveness** – it was explained that national recording standards had been set enabling all partners nationally, County and District levels to use the same standards.

Reference was made to the implementation of the Customer Relations Management System (CRM). It was anticipated that the CRM, which would enable all departments to access the same information, would be implemented by July 2007.

Members queried how Recommendation 7 - **that the Area Forum Review Group be requested to consider how Area Forums could be used as a means to raise awareness of the Street Scene Initiative and help engage with local communities in order to support its aims** - could be implemented as the Area Forum Review Group had already formulated its recommendations.

In response it was explained that the Community Safety Section in partnership with Street Scene Services aimed to carry out four clean up operations in various locations throughout the Borough each year. These clean up operations would be carried out in consultation with Area Forums.

Reference was made to the disciplinary and intervention procedure. It was explained that this procedure involved the issue of warning letters, joint home visits, anti social behaviour contracts and anti social behaviour orders (ASBO's).

It was pointed out that there were currently 16 ASBO's issued throughout the Borough. It was felt that the issue of ASBO's did reduce levels of anti social behaviour.

It was explained that the Council worked in partnership with a variety of agencies, including the Police, Social Care and Health, Probation Officers and Tenancy Enforcement, in order to reduce anti social behaviour throughout the Borough.

Members were of the opinion that the success of the Community Safety section, especially following the introduction of the disciplinary and intervention procedure for juveniles within the Borough, should be publicised.

- RECOMMENDED :*
- 1. That the progress of the Action Plan for the Overview and Scrutiny Review of Street Safe be noted.*
  - 2. That progress on the Action Plan be reviewed in six months.*
  - 3. That a publicity story be published highlighting the success of the Community Safety Section following the introduction of the disciplinary and intervention procedures for juveniles within the Borough.*

**OSC(2).31/06 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).

It was explained that the draft final report in relation to the Review of Leisure Centre Concessionary Pricing Scheme had been produced. Overview and Scrutiny Committee 2 had considered the final report in relation to the Review of Affordable Housing.

With regard to future topics for review it was explained that as a result of the Borough elections in May 2007 and the timescale involved in completing a review, new reviews would not commence until after the elections.

Members suggested that housing maintenance costs should be considered as a future topic for review. Housing maintenance costs had increased over a number of years despite a reduction in the Council's housing stock.

It was agreed that a report regarding housing maintenance costs be given at a future meeting.

- RECOMMENDED:*
- 1. That the work programme be noted.*
  - 2. That a report regarding housing maintenance costs be given at a future meeting of Overview and Scrutiny Committee 2.*

**OSC(2).32/06 DURHAM COUNTY COUNCIL HEALTH SCRUTINY SUB COMMITTEE**

The Minutes of the meeting held on 2<sup>nd</sup> October 2006 were considered and noted. (For copy see file of Minutes).

Specific reference was made to the Modernisation of Mental Health Services. It was explained that the temporary closure of the Tony White Unit had now been made permanent.

*AGREED: That the information be noted.*

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**ACCESS TO INFORMATION**

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

# Item 13b

## SEDGEFIELD BOROUGH COUNCIL OVERVIEW & SCRUTINY COMMITTEE 3

Conference Room 1,  
Council Offices,  
Spennymoor

Tuesday, 30 January  
2007

Time: 10.00 a.m.

**Present:** Councillor V. Crosby (Chairman) and  
Councillors Mrs. B.A. Clare, Mrs. J. Gray, M.T.B. Jones, A. Smith and  
Mrs. C. Sproat

**In Attendance:** Councillors A. Gray, D.M. Hancock, J.G. Huntington and T. Ward

**Apologies:** Councillors B.F. Avery J.P, D.R. Brown, G.C. Gray, K. Henderson and  
Mrs. L. Smith

**OSC(3)24/06 DECLARATIONS OF INTEREST**  
No declarations of interest were received.

**OSC(3)25/06 MINUTES**  
The Minutes of the meeting held on 12<sup>th</sup> December, 2006 were confirmed  
as a correct record and signed by the Chairman.

**OSC(3)26/06 UPDATE ON DEVELOPMENTS WITH THE LOCAL IMPROVEMENT PROGRAMME**  
Consideration was given to a report of the Head of Strategy and  
Regeneration (for copy see file of Minutes) giving an update on the Local  
Improvement Programme (LIP), highlighting a series of issues and  
changes which had been implemented.

Andrew Megginson, Capital Programme Manager, and Linda Goundry,  
Local Improvement Programme Officer, gave a presentation outlining the  
issues which had become apparent over the first six months of full  
operation of the Programme.

Giving a background to the Programme, it was explained that the sale of  
land for housing had created an opportunity to invest in regeneration  
across the Borough by creating a Local Improvement Programme to  
improve community assets, and support community engagement in the  
regeneration of local areas. Local communities and partner Town and  
Parish Councils could propose projects for consideration, against the  
Department for Communities and Local Government "Regeneration"  
definition and additional criteria agreed by Cabinet. Resources could be  
released to improve individual sites and improve the useability of  
community facilities and buildings.

The sum of £3.8m grant funding had been made available, under the Local  
Improvement Programme, from April 2006 to March 2009.

To facilitate the operation of the Programme, each Area Forum locality had been provided with an indicative ringfenced budget, based on the number of households in the area, for a series of projects. Area Forums had a role to play in the delivery of locally prioritised improvement schemes.

All potential Local Improvement Programme Schemes were assessed against a number of criteria and had to meet the Government's specific definition of regeneration which was as follows :-

*“any project for the carrying out of works or activities on any land where*

*a)the land, or a building on the land, is vacant, unused, underused – ineffectively used, contaminated or derelict and*

*b)the works or activities are carried out in order to secure that the land or the building will be brought into effective use.”*

The programme was designed to tackle the key issues facing the Borough linked to:-

- *Community strategy objectives*
- *A strong local need backed through appraisals*
- *Measurable benefits*
- *Consultation*
- *Activity focused towards land and buildings.*

The Committee was informed that 42 enquiries had been received over the last six months of which 5 projects had been deemed not eligible; 32 were in the process of development (14 applications had been received and 18 were still to be submitted) and 5 projects had been approved with a total value of £410,453. Two further applications were to be considered by Cabinet later that week. Those applications related to redevelopment of the tennis courts at Hackworth Park Shildon and the development of a family centre at Tudhoe Grange School, Spennymoor.

In relation to match funding for projects it was noted that £367,186 of external match funding had to date been committed to approved projects. The normal target for match funding was 33% of the cost of the scheme. However, other factors were taken into account when considering applications such as deprivation statistics, the nature of the project and its relationship to the area.

The Strategy and Regeneration Team worked with applicants to assist in the application process and the identification of sources of match funding. Projects needed to be sustainable over a number of years and, therefore, applicants were required to take into account the revenue implications of projects, such as insurance, staffing, maintenance of buildings etc, before submitting applications.

Following feedback on the Local Improvement Programme process, the application form had been revised, making it easier for applicants to complete. The amount of detail required in the application form, relating to



projects, would depend on the level of funding requested. In order to simplify the application process, voice recording equipment was being piloted, for those applicants unused to completing application forms etc., to allow them to verbally outline the project and its objectives.

In developing projects, a need had been identified for initial technical surveys and professional reports required for LIP schemes. Surveys needed to be carried out in order to ensure that works could be feasibly undertaken in relation to buildings and to identify the technical issues which need to be addressed to bring buildings back into use. A first phase, "fees only", technically focused application had been introduced in response. A delegated approval mechanism had been established to provide initial funding to a maximum of £15,000 for such works eg. design/architectural work, survey work, quantity surveyor work, planning fees etc. The information from the surveys would provide a fully costed, developed LIP project application for consideration.

As part of the decision making process, applications were appraised by the Strategy and Regeneration Team, initially to establish eligibility. Proposals were then discussed at Area Forum meetings, which had a role in endorsing projects, as an important local priority as well as proposing new projects. The view of the Area Forums were then forwarded to Cabinet, where the decision to allocate LIP funding was made.

It was explained that applications took approximately 3 months from the date of receipt, to the decision being made. Approved projects were monitored by the project team on a quarterly basis to ensure that organisations received the necessary support to carry out the projects.

Application packs etc., were available electronically on the Council's website or from the Strategy and Regeneration Team.

Clarification was sought on the target levels of matchfunding and the definition of an eligible project. Specific reference was made to a project which had been deemed ineligible at Hackworth Park Shildon and a project providing for an extension to the Great Aycliffe Way.

It was explained that an application relating to Hackworth Park in Shildon had been deemed ineligible. Following advice from the Council's Internal Audit Section, it was considered that the project, which included proposals for CCTV installation, did not meet the required criteria. It was explained that if an approved project was later found to be ineligible for grant funding. The grant would have to be reimbursed. This would have an impact on the Borough Council .

In respect of the application relating to an extension to the Great Aycliffe Way, Great Aycliffe Town Council had not provided matchfunding for the project. The project had originally been initiated by a group of local residents. The area of land involved in the application was in various ownership, with some of the area in Town Council ownership, some in the Borough Council ownership, etc. The project was not solely a Town Council project but had been drawn up in response to a request from

community groups. However, the Town Council intended to meet the revenue costs of the project. The Borough Council was working with Great Aycliffe Town Council in an effort to identify matchfunding and a number of applications were being developed to reduce the Borough Council's commitment.

It was explained that each project was considered on its merits. Some projects could more easily secure matchfunding. The level of matchfunding was dependent on locality, type of project, the various grant funding streams which could be levered in, etc. The Strategy and Regeneration Section, however, tried to ensure that projects did not rely solely on LIP funding.

A query was raised regarding information on the funds of organisations and associations. It was explained that the funds of organisations and associations needed to be taken into account when assessing the revenue implications of the projects to ensure that the projects could be sustainable.

Discussion was held regarding the use of voice recording equipment in the application process. It was explained that applicants received assistance in completing application forms if required. However, some applicants found it easier to communicate information via voice recording equipment.

In response to a query regarding how applicants were informed of the Local Improvement Programme, it was explained that local councillors had a key role to play in informing organisations of this funding source. Many of the projects had been built up for other funding streams which had not been successful. A series of publicity campaigns had also been undertaken.

*RECOMMENDED :*                      *The Committee supports the Local Improvement Programme and notes the changes implemented.*

#### **OSC(3)27/06 WORK PROGRAMME**

Consideration was given to the Work Programme for Overview and Scrutiny Committee 3. (For copy see file of Minutes).

Members received an update on progress with the ongoing Review on the Council's Contribution to Reducing Economic Inactivity (Increasing Employability).

During discussion of this item the Committee expressed continuing concern about the staffing situation in the Development Control Section and the effect on service delivery, particularly enforcement action. It was noted that Performance Indicator information would be considered at the next meeting of the Committee. Members agreed that if there continued to be an issue in relation to Development Control Service delivery, consideration would then be given to placing an item on the Work Programme.

*RECOMMENDED : That the Work Programme be approved.*

**ACCESS TO INFORMATION**

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Liz North 01388 816166 ext 4237 email:enorth@sedgefield.gov.uk

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# Item 14

## SEDGEFIELD BOROUGH COUNCIL AREA 5 FORUM

Town Council Offices,  
School Aycliffe Lane,  
Newton Aycliffe

Tuesday  
23 January 2007

Time: 7.00 p.m.

**Present:** Councillor Mrs. A.M. Fleming (Chairman) – Sedgefield Borough Council  
and  
Councillor Mrs. B.A. Clare – Sedgefield Borough Council  
Councillor V. Crosby – Sedgefield Borough Council  
Councillor M.A. Dalton – Sedgefield Borough Council  
Councillor G.C. Gray – Sedgefield Borough Council  
Councillor Mrs. J. Gray – Sedgefield Borough Council  
Councillor B. Hall – Sedgefield Borough Council  
Councillor M. Iveson – Sedgefield Borough Council  
Councillor J.P. Moran – Sedgefield Borough Council  
Councillor A. Tomlin - Great Aycliffe Town Council  
Councillor Mrs. A. Clarke - Middridge Parish Council  
Inspector S. Ball - Durham Constabulary  
J.P. Rodwell - Agnew Community Association  
J. D. Clare - Greenfield School Community and Arts  
College  
J. Clarke - Middridge Village Association  
D. Saddler - Middridge Village Association  
D. Sutton-Lloyd - Woodham Community Centre

**Apologies:** Councillor W. M. Blenkinsopp - Sedgefield Borough Council  
Councillor Mrs. J. Croft – Sedgefield Borough Council  
Councillor R.S. Fleming – Sedgefield Borough Council  
Councillor K. Henderson – Sedgefield Borough Council  
Councillor Mrs. E.M. Paylor – Sedgefield Borough Council  
Councillor J.K. Piggott – Sedgefield Borough Council  
Councillor Mrs. S.J. Iveson – Durham County Council  
Councillor Mrs. M. Gray – Great Aycliffe Town Council  
Councillor C. Wheeler – Great Aycliffe Town Council  
Councillor Mrs. D. Bowman – Durham County Council  
Councillor Mrs. M. Dalton – Great Aycliffe Town Council

### **AF(5)19/05 DECLARATIONS OF INTEREST**

Councillor M. Iveson declared that he had a personal and prejudicial interest in Item 6 – Local Improvement Programme – Cabinet Member.

Councillor Mrs. J. Gray and Mrs. B.A. Clare declared they had a personal and prejudicial interest in Item 6 – Woodham Village Community Centre Rejuvenation Project – members of the Association.

### **AF(5)20/05 MINUTES**

The Minutes of the meeting held on 28<sup>th</sup> November, 2006 was confirmed as a correct record and signed by the Chairman.

**AF(5)21/05 POLICE REPORT**

Inspector Steve Ball was present at the meeting to give details of crime figures for the area.

The figures for November and December, 2006 were as follows :-

<u>Type of Crime :</u>	<u>November, 2006 :</u>	<u>December, 2006 :</u>
Total Crime	175	148
Violent Crime	36	41
Burglary (Dwelling)	4	3
Burglary (Other)	17	3
Criminal Damage	47	55
Theft of Vehicle	4	2
Theft from Vehicle	8	4
Damage to Vehicles	15	18
Shoplifting	10	11
Total Theft	47	39
Nuisance Rowdy Behaviour	100	88

It was noted that the detection rate was 40%.

Reference was made to satellite navigation systems in cars and the need to remove evidence of the systems, when cars were parked to deter theft.

Members of the Forum were informed that two new Police Community Support Officers (PCSOs) had been deployed with a further one anticipated in the next two weeks.

In respect of the request for road traffic accident statistics to be presented at the Forum, it was noted these would be outlined at the next meeting of the Forum.

Discussion was held regarding the level of service across the division, the need for appropriate levels of service depending on levels of crime etc., in each area. Reference was also made to the level of back office stand and the need to protect frontline services.

Concerns were also raised regarding anti-social behaviour in the quarry area at Middridge. It was explained that discussions were being held with John Wade, owner of the quarry, to examine ways of dealing with the issue.

**AF(5)22/05 COUNTY DURHAM PCT - PROGRESS UPDATE**

It was noted that no representative from the Primary Care Trust was present at the meeting to report on progress. Concerns were expressed at the non-availability of a PCT representative and it was suggested that this issue be discussed at the next meeting of the County Health Scrutiny Committee.

AF(5)23/05

**LOCAL IMPROVEMENT PROGRAMME**

**NB : In accordance with Section 81 of the Local Government Act 2000 and the Member's Code of Conduct Councillor M. Iveson declared an interest in this item and left the meeting for the duration of the discussion and Councillors Mrs. J. Gray and Mrs. B.A. Clare left the meeting for the duration of the discussion on the Woodham Village Community Centre Rejuvenation Project.**

**Application – Middridge Village Hall Improvement Programme**

Consideration was given to a report of the Head of Strategy and Regeneration regarding the above. (For copy see file of Minutes).

Members of the Forum were reminded that Area 5 Forum had been allocated £1,140,000 of LIP resources during 2006 and 2009 to tackle the issues outlined in the Council's Community Strategy. The allocation for 2006/07 was £380,000 of which £183,505 had been allocated to date.

The role of the Area Forum was to provide a view of the project within the area. The project would then be considered by the Council's Management Team then Cabinet. The latter would decide whether or not to allocate funding to the project.

Mr. J. Clarke, from Middridge Village Community Association was in attendance to present the application.

The project involved the complete refurbishment and modernisation of the village hall, which was currently underused due to its poor state of repair, to a standard, which would provide an inviting, safe and friendly venue for the use of not only the village but also the surrounding area. The proposal therefore aimed to expand the available use of the village hall to more community organisations. A range of refurbishment works had been identified.

The Area Forum noted that the amount of funding requested from the Programme was £68,965 which equated to 92% of the total project cost.

**Woodham Village Community Centre Rejuvenation Project**

Consideration was given to a report of the Head of Strategy and Regeneration regarding the above. (For copy see file of Minutes).

D. Sutton-Lloyd from Woodham Community Centre Association, was in attendance to present the application.

He explained that the project would provide for the complete refurbishment and modernisation of the Village Community Centre providing up-to-date flooring, lighting, a more useful meeting room and kitchen. This would enable the Community Centre to provide more varied physical activities along with adult education and skill training courses.

The Forum noted that £25,200 had been requested equating to 100% of the project cost. Discussions had taken place with the applicant to consider other match funding opportunities. Associated ongoing revenue costs would be funded, by the applicant's own funds, through grant funding and appropriate charging to users of the premises.

*AGREED : That the Forum supports both projects.*

**AF(5)24/05**

**DATE OF NEXT MEETING**

Tuesday 13<sup>th</sup> March, 2007 at 7.00 p.m.

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**ACCESS TO INFORMATION**

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Liz North 01388 816166 ext 4237 email: [enorth@sedgefield.gov.uk](mailto:enorth@sedgefield.gov.uk)