

Item 4a

KEY DECISION

REPORT TO CABINET

15TH FEBRUARY 2007

REPORT OF DIRECTOR OF RESOURCES

Portfolio: STRATEGIC LEADERSHIP

BUDGET FRAMEWORK 2007/08

1.0 SUMMARY

- 1.1 Cabinet at its meeting on 11th 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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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 11th 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, 23TH 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, 24TH 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, 25TH 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 13th 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	<i>Council Tax Demand</i>	4,866,772
<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)		
<i>Gross Spending</i>	15,318,060		
<i>Less Use of Balances</i>	(700,000)		
<i>Net Spending</i>	14,618,060	<i>Net Spending</i>	14,618,000

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		
Total Capital Programme	20,000		20,000

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