

Item 4

KEY DECISION

REPORT TO CABINET

10TH JANUARY 2008

REPORT OF DIRECTOR OF RESOURCES

Portfolio: STRATEGIC LEADERSHIP

BUDGET FRAMEWORK FOR 2008/09

1. SUMMARY

- 1.1 This report sets out a budget framework for 2008/09 after taking into account the Government's proposed settlements in relation to Revenue Support Grant (RSG), Housing Subsidy and Capital Allocations. Detailed account has also been taken of the Council's Medium Term Financial Plan (MTFP), which sets out the framework for developing annual revenue and capital budgets over the medium term.

The proposals are subject to consultation through the Overview and Scrutiny Committees, and for the Housing Services through the Tenant's Housing Services Group and Residents Federation.

- 1.2 The Budget Framework for 2008/09 maintains service delivery in key priority areas in accordance with the approved Corporate and Transition Plans. Efficiency savings and re-engineering of existing service delivery will enable some changes to occur and keep the level of Council Tax increase to only 3.0%.

2. RECOMMENDATION

- 2.1 That the Budget Framework for 2008/09 be approved and be consulted upon in accordance with the timetable previously approved by Cabinet on the 20th December 2007.

3. BUDGET FRAMEWORK FOR 2008/09

Background

- 3.1 The Government's proposed settlements in relation to the following key components of the 2008/09 budget have now been received although allocations through the Regional Housing Board are still to be announced: -

Spending Area

General Fund Services
Housing Revenue Account
Capital Spending Programmes

Government Settlements

Local Government Finance Settlement
Housing Subsidy Determinations
Supported Capital Allocations

3.2 Management Team has carefully assessed the implications of the settlements and has examined all main spending areas particularly to consider:-

- The balance between spending on statutory services and discretionary services.
- The allocation of resources between priorities to achieve our strategic goals and performance targets.
- The needs of the public as expressed in previous consultation exercises, particularly through previous Council Tax Focus Group meetings.
- The balance between spending and taxation/rent levels.
- The sustainability of the Budget Framework in relation to its dependency both on the receipt of large sums of money from the disposal of land and external time limited grant funding streams.
- The impact of efficiency savings achieved and the overall need to demonstrate that value for money principles have been applied.

3.3 This report will look at each of the spending areas set out above and make proposals on levels of expenditure for 2008/09, together with their impact on Council Tax and rent levels.

General Fund Services

3.4 The Council has been provisionally notified that it will receive £9,971,348 of external Government support for 2008/09. The grant system now focuses more on grant distribution and not on national measures of spending and council tax. The system consists of four separate funding elements unchanged for 2008/09 as detailed below:-

- *Relative needs amount (based on amount per head adjusted to reflect local circumstances including deprivation and area costs).*
- *Resource amount (to take account of different capacities to raise council tax).*
- *Central allocation amount (allocated on a per head basis).*
- *Floor damping amount (to help ensure all authorities receive a minimum increase in grant).*

Although the latest Government Finance settlements are regarded as the worst in the last 10 years, by some commentators, it was broadly in line with expectations following the Comprehensive Spending Review (CSR) 2007 announcement by the Government in October 2007.

Generally Shire Districts received the lowest increase for any type of authority [the grant floors being the lowest since their introduction] less than half of all Shire Districts in the country had had an increase in excess of the absolute minimum 1% floor increase for 2008/09.

- 3.5 The grant settlement for Sedgefield Borough shows a year on year cash increase in grant of 1.98% or £190,065 including the base adjustments in accordance with the distribution framework. As well as being a harsh settlement it also falls well short of meeting the financial pressures facing the Council, particularly in the area of pay related costs. The settlement due on 1st April 2008 has not yet been agreed, but an assumed 2.5% increase has been built into the budgets. Furthermore an Actuarial revaluation of the Pension Fund has recently been completed and though the final outcome has still to be notified, the County Treasurer is advising that employer's contributions are expected to increase by an additional 1% of the cost of employee's contributions during 2008/09.
- 3.6 In addition a number of initiatives designed to build and maintain strong cohesive communities in order to tackle deprivation and social exclusion have relied on external finance streams many of which draw to a close by March 2008. Account has therefore had to be made of the fall out of grant / support in these important areas. The Government has announced a new initiative for 2008/09 to replace the Neighbourhood Renewals Fund that the Council may be able to use to supplement some of these lost funds [Paragraph 3.20 below explains this in greater detail].
- 3.7 Whilst fuel price inflation significantly added to the Council's costs [particularly in the areas of high-energy use e.g. leisure centres.] during 2007/08 contract prices have over the last few months seen a downturn in prices. However more recently commentators are now predicting a further round of price increases of up to 15%, which have been factored into the Budgets
- 3.8 The Budget Framework for 2008/09 has been prepared to take into account the above financial issues and pressures and to reflect the Council's key priorities set out in the Corporate and Transition Plans. The key changes can be summarised as follows:-

All Portfolios

- 3.9 **The budget has been prepared on an outturn basis which means that the Contingency sum has been eliminated. If during the year unforeseen issues arise they will have to be met from efficiency savings within the relevant Portfolio area to avoid Balances having to be used.**
- 3.10 It is expected that the Budgetary Control reports now being considered by Cabinet on a regular basis may identify whether any savings in any Portfolio area could be used to meet any urgent additional unexpected demands on the Council's resources.
- 3.11 The provision for savings arising from staff turnover has been increased to reflect the current position.
- 3.12 This will be the last budget round for this Council to determine before local government in County Durham is re-organised from April 2009. The budget has been prepared on the basis of business as usual but with growth in service provision restricted to essential areas only and where these would not be to the detriment of the new authority arrangements.

Although several other requests have been made to enhance service provision they have been excluded from the budget framework as the shortage of funds do not permit their inclusion. However, it is proposed that subject to funds becoming available during the year the excluded items may be allowed to commence but on a prioritised and considered basis and subject to Cabinet approval.

3.13 Strategic Leadership

Whilst there are no significant changes to the levels of service provision within this Portfolio, additional funding has been provided for the provision of skills and competency training for all staff in the run up to creation of the new Unitary Authority.

The overall level of Capital Financing charges has been reviewed to take into account the impact of debt rescheduling, expected rates of interest, levels of balances and capital receipts.

Provision has again been made to meet the additional revenue costs associated with new ICT systems introduced over the last 12 months although new developments have been restricted to ensure there is no conflict with the new authority arrangements.

The one off budget provision associated with the 2007 Borough Elections has been deleted

3.14 Culture & Leisure

In accordance with the MTFP this portfolio has, in the main only been provided with an inflationary increase.

There has been no growth allowed within the budget provision to enhance service provision any further. However during 2007/08 significant works have been carried out at Newton Aycliffe Leisure Centre to upgrade the Lifestyle fitness suite in conjunction with Competition Line, this has allowed a review of operating arrangements to be made and some efficiency savings have therefore been factored into the budgets. This redevelopment should generate additional income to the Council. Similar developments are planned for Spennymoor Leisure Centre during 2008/09

The Council will continue to work with and support voluntary organisations throughout the Borough whose work reflects the aim of getting more people physically active

3.15 Community Health

Whilst this budget area is relatively small compared with the other Portfolio's it contributes specifically to the Pioneering Care Partnership and Carelink Club both of which provide a range of services to some of the most vulnerable people in our Borough

The budget also provides for the SHARP project providing a first point of contact for vulnerable households requiring crisis intervention

3.16 Environment

Protection of the environment and the standard of ground maintenance has always been a high priority for members and it continues to be a key feature raised by residents in public consultation exercises. The 2008/09 revenue budget will enable the Council to continue to provide a similar level of service to that being achieved in the current year, but with the following enhancements: -

The Kerbside Recycling Service was re-tendered during 2007/08 with a start date for the new contractor [Greencycle PLC] of the 1st April 2008. The new enhanced service will now deal with a broader range of recyclates including cardboard and plastics and this will help the Council achieve its statutory recycling targets.

3.17 Planning & Development

Protection of the physical environment is one of the issues that is given high priority by our communities. During 2008/09 the Planning Service will be enhanced to provide a more customer focused service, maximise fee generation and Housing Planning Delivery Grant as a consequence of improvements in planning performance.

Funds allocated during 2007/08 towards the cost of the review of the Council's Local Development Plan have been redirected to provide new elements of the overall plan to ensure it is sufficiently robust and evidence based to pass through the public examination process.

3.18 Private Sector Housing

The renaissance of our priority areas of Dean Bank, Ferryhill Station & Chilton West was subject to a Master Plan approved by Cabinet in July 2006. Work on Phase 1 is well underway with significant numbers of the effected properties being repurchased and a substantial provision has been made within the 2008/09 Capital Programme to reflect this.

3.19 Safer Communities

The Council recognises the importance of contributing to our community's safety through a range of direct service provision and by acting in partnership with other organisations through the Community Safety Partnership. During 2007 the service was subject to a major service review and the 2008/09 budget will enable the Council to sustain current service levels and to make improvements based on the outcomes of the review.

External grant funding from a variety of sources is integral to the services this portfolio provides. The 2008/09 budget assumes that neighbourhood renewals funding finishes and grant through the Local Area Agreement for Safer Stronger Communities Funds are maintained at existing levels. The LAA Board has not yet determined grant allocations for 2008/09 and service provision may need to be reviewed if lower than expected allocations are announced.

3.20 Social Regeneration

The 2008/09 revenue budget will enable the Council to continue to provide a similar level of service to that being achieved during the current year including the ongoing support to the Advice & Information Service, CAVOS and the Local Strategic Partnership.

The costs of providing the Housing Benefits service previously kept within the grant allocations from the Department of Works and Pensions has for the second year running seen a real cut in the level of grant support with the consequence that the level of performance could be adversely affected. Innovative ways of carrying out the service continue to be considered and efficiency measures, such as home working that is currently being piloted in the section, will need to be extended in order to maintain the current level of performance. Preparations have commenced to introduce the new Local Housing Allowance Scheme from 1st April 2008 for tenants of private landlords.

With effect from 1st April 2008 the existing concessionary travel scheme will be extended to allow older and disabled people to access off peak local travel anywhere in England. This represents a significant change from previous statute which only offered free travel to those eligible within the boundaries of the Borough. The Government has set aside a total £218m to fund the changes to the scheme. This amount is being distributed as a specific grant and Sedgefield has been awarded a £207,000.

As members are aware, however, the scheme currently in operation within County Durham already provides users free travel both within the County and adjoining areas. This was agreed with the bus companies at the time of the last change effective from April 2006. The benefits of the existing scheme actually exceed the statutory minimum outlined in the latest changes. Discussions with the bus companies on the introduction of the new scheme, particularly around maintaining the existing benefits for those in the county Durham scheme, are underway but are not yet finalised. An estimate of the financial impact has been incorporated into this report.

Funding, previously available from the Neighbourhood Renewals Fund ended in 2007/08 and it is being replaced with a new funding stream known as Working Neighbourhoods Fund. The exact purposes for which this new funding can be used are still being considered however the sum of £2,099,339 has been allocated to this Council for 2008/09, with additional funds for 2009/10 and 2010/11 which will be paid to the new Unitary Authority. In addition it will be still be necessary to maximise the potential funds available from those funding streams pooled through the Local Area Agreement, in order that the Council can continue its involvement in cross cutting initiatives such as employability and the economic regeneration of the Borough.

3.21 Learning & Employment

The budget proposals for this Portfolio should enable the Council to provide a similar level of service to that being achieved during the current year especially in relation to economic development and industrial promotion.

The Council continues to provide a training scheme for unemployed youths & adults to improve their basic skills to enable to help them find entry to employment. The scheme, funded mainly from training contracts from the Learning and Skill Council and Job Centre Plus, is self-financing. The Council will also continue its close relationship with Bishop Auckland Technical College to develop a strategic alliance with the aim of providing enhanced training facilities locally as identified in the Transition plan.

Efficiency Savings

- 3.22 The annual efficiency targets set by central government are no longer required from 2008/09 resulting in no formal requirement to identify and report cashable and non-cashable savings. They have been replaced with a single efficiency indicator full details of which are still awaited. The 2008/09 budget framework has been prepared on the basis of identifying efficiencies during the initial preparation of spending forecasts in order that a workable but affordable budget is prepared. The government's revenue support grant settlement assumes cash releasing efficiency savings of 3% will be achieved.

3.23 In addition to the features set out above, the detailed budgets have been prepared on the following basis: -

- 4.5% anticipated savings from staff turnover.
- Increase in fees and charges of 3% on average.
- Allowances for inflation have been restricted to the following areas of spending:-
 - *Salaries and wages*
 - *Business rates*
 - *Utilities costs i.e. gas, water, electricity and telephones*
 - *Other unavoidable costs which are of a contractual nature*

Target Budgets For 2008/09

3.24 Detailed budgets, which will be circulated to Overview and Scrutiny Committee's have been prepared to meet the following target figures: -

<u>Portfolio</u>	<u>Revised Budget</u> <u>2007/08</u> £	<u>Target Budget</u> <u>2008/09</u> £	<u>Change in</u> <u>Budget</u> £
Strategic Leadership	1,864,610	1,684,280	(180,330)
Healthy Borough			
- Culture & Leisure	3,839,790	4,023,270	183,480
- Community Health	141,460	162,100	20,640
Attractive Borough			
- Environment	5,629,880	5,791,450	161,570
- Planning & Development	494,240	546,520	52,280
Stronger Communities			
- Private Sector Housing	601,450	768,500	167,050
- Safer Communities	829,150	1,215,900	386,750
Prosperous Borough			
- Social Regeneration	2,036,550	1,901,840	(134,710)
- Learning & Employment	207,790	261,140	53,350
Contingency & Efficiency savings	58,140	(35,000)	(93,140)
Salary Savings	(385,000)	(480,000)	(95,000)
Budget Requirement	15,318,060	15,840,000	521,940
Use of Balances (see Note 1)	(700,000)	(790,000)	90,000
Net Spending	14,618,060	15,050,000	431,940

Note 1

During 2006/07 and 2007/08 the Council will have under spent its budget requirement by £90,000 and consequently it is considered prudent and fair to spend this money on delivering services to the people of Sedgefield Borough during 2008/09. The use of earmarked balances continues the policy to provide budget support in the medium term. Support in 2008/09 has been limited to £790,000 in accordance with the Medium Term Financial plan that restricts the use of revenue support to a maximum of 5% of the budget requirement.

- 3.25 Careful planning of the budget means that the commitment made in the MTFP to restrict council tax increases to 3.0% can be delivered in 2008/09. The investment in Council services will add only £5.58 per year or 11p per week to the Band D Tax. The cost to the Band A taxpayer will be £3.72 per year or 7p per week.

Risk Assessment – General Fund Budget

- 3.26 The Budget Framework 2008/09 has been prepared on a medium risk basis. Account has been taken of some significant capital receipts that are expected to materialise during 2008/09 that would lead to additional investment income. Account has also been taken of the loss of external finance streams where appropriate.

4. HOUSING REVENUE ACCOUNT

- 4.1 The funding of the Council's Housing Revenue Account (HRA) is very much driven by the Government. The Housing Subsidy System, provides the resources for the funding of Council Housing throughout the country, via the annual Housing Subsidy Settlement. The Government via its Rent Restructuring methodology also controls the Council's annual rent increases. The Housing Subsidy and Rent Restructuring System have undergone major methodology changes over recent years and this has had a significant impact on the Council's HRA.

Housing Subsidy

- 4.2 The Government was extremely late in issuing the 2008/09 Subsidy Determinations and the consultation period does not finish until the 9th January 2008 with a final announcement promised by the 14th January 2008, so allowances and allocations may yet be subject to amendment. It is proposed that the rent constraint allowance introduced for 2006/07 and 2007/08 that compensated Councils for the 5% cap on rent increases is to be discontinued.
- 4.3 The 2008/09 Housing Subsidy settlement, has left the Council's HRA relatively unchanged. Our spending allowances for Management and Maintenance have increased in excess of inflation by 5.65% [national average increase is 2.95%] and 11.99% [national average increase is 3.67%] respectively. These together with an increase in Guideline Rent Levels of 5.72% has meant that the net Subsidy payable to the Government for redistribution to other local housing authorities will be broadly similar to the current year and is expected to be around £3.27m in 2008/09.
- 4.4 As part of the management allowance a sum of £4 per property has been provided to cover Energy Performance Certificate production amounting to £34,588.
- 4.5 There has been a major shift in government policy towards rent convergence. In contrast with the previous two years' determinations, the Rent Constraint Allowance has been removed. To offset the effects of this, guideline rent increases are lower than expected in 2008/09 and modelled on the basis of rent convergence by 2016/17 **but for one year only and subject to future review**. The impact of these changes for 2008/09 is considered in some detail in the paragraphs 4.8 to 4.12 dealing specifically with the implications of Rent Restructuring.
- 4.6 The cap on rent increases above 5% has been removed for 2008/09 only, whilst the Government considers the future direction of the subsidy system.

4.7 The Council's Major Repairs Allowance, which is used to finance the Council Housing Capital Programme, has been increased by 11.45%, which gives a grant figure of £5.541M for 2008/09.

Rent Restructuring

4.8 As indicated earlier, the major changes in the methodology relating to rent restructuring implemented in 2006/07 will continue to have a significant impact on the Council's tenants in achieving full convergence with housing association rents by 2017. The Council's rents are currently significantly lower than housing association rents, and this can only mean significant rent increases for most tenants over the next few years.

4.9 Under the current methodology very few tenancies are expected to be at target once the rent changes have been applied in 2008/09. The vast majority of tenants face significant rent increases of inflation (currently 3.9%) + 0.5% + £2.00 per week per year for a number of years to come.

4.10 As stated in paragraph 4.5 the extension of rent convergence for guideline and limit rents to 2017 is for "one year only". This gives the Council some options for actual rent increases in 2008/09, as the Government has not been prescriptive about what they expect Council's to do.

4.11 Whilst the Government has introduced a transitional year on the basis of rent convergence by 2017 as mentioned above, it makes sense for the Council to continue with its present policy of ensuring convergence by 2012 until the Government's position is clarified.

4.12 This means in practice that individual rents will rise by more than the previous 5% cap under the formula "inflation +0.5% (i.e.4.4%) +£2.00, the average rent increase is likely to be in the region of 5.5% which in cash terms will see rents increasing on average from £56.25 to £59.40 per week.

Communal Heating Charges-Grouped Accommodations

4.13 As Members are already aware, the Council has a responsibility to determine heating charges for tenants in grouped accommodations. The Council has had a very good record over recent years at being able to hold prices to the tenants, however significant increases in both gas and electricity prices meant that it was necessary to increase the charges from April 2006 for the first time in 9 years and increase them again with effect from 1st April 2007.

4.14 During 2007/08 the Council has continued to monitor the costs of both gas and electricity used in the communal heating schemes and whilst the account is still in deficit energy efficiency measures has seen the projected loss for 2008/09 fall to about £24,000. Although this is a lower than expected deficit it is expected that fuel prices will rise again, as outlined in paragraph 3.7 above, and therefore a 9% increase will need to be applied in 2008/09.

4.15 A 9% increase will not fully recover the total deficit if inflation is as expected but close monitoring of usage and price will continue in making every effort to minimise the impact on the tenant

4.16 Current charges range between £2.89 for a one-person bed-sit to £13.81 for a two-bedroom bungalow. One change that was introduced last year was to split the charge to the tenants between a contribution to the heating of the communal facilities and the heating of their own property, this change has allowed those tenants in receipt of housing benefit to mitigate some of the increased charges.

Housing Partnering

- 4.17 The Council has recently taken the decision to appoint a strategic partner [Mears] to undertake construction works from February 2008 to January 2013. The value of the contract is estimated to be in the region of £85m and forecasted efficiency savings of around 3% are anticipated which will amount to approximately £2.5m over the period of the contract.
- 4.18 The delivery of an efficient service providing value for money to tenants was a key aspect of the decision to seek a strategic partner. It would help the Council achieve three star status, address issues around a diminishing workload base for staff and meet the challenges the Council faces in meeting the Decent Homes target

As a direct consequence of entering into the strategic partnering arrangements with Mears significant revenue savings have been made in relation to the costs of employing those staff that have TUPE transferred.

It is too early to determine how these savings can be utilised, as there are still a number of financial arrangements to be concluded [i.e. Impact on the pension fund in respect of those employees who opted for early retirement rather than transfer to the new company in accordance with Council policy].

- 4.19 The financial impact of new Housing Health and Safety Ratings (the new fitness standard) and other changes in Government legislation including the energy performance certification scheme, expected new asbestos regulations and the recently introduced Construction Design and Management (CDM) Regulations 2007 are also still unclear at this time.

HRA Working Balance

- 4.20 The current estimates show that it may be possible to transfer in the region of £1.28m to HRA Working Balances. This is considered to be a prudent approach as there are a number of significant issues that remain outstanding including the implementation of Partnering, LSVT preparation and the finalisation of equal pay issues. It is also worth noting that paragraph 4.2 confirms that the Government has still not yet announced the final settlements in respect of Housing Subsidy determinations for 2008/09 and the uncertain financial impact of the new Housing Health and Safety Ratings as shown in paragraph 4.19 above.
- 4.21 Once all issues have been determined the opportunity should arise to increase the current levels of resources set aside for maintenance and capital works whilst at the same time maintaining a working balance in line with the current Medium Term Financial plan.

Large Scale Voluntary Transfer of the Housing Stock [LSVT]

- 4.22 Cabinet considered a report on the 11th October 2007 recommending that it would be prudent to revisit the strategic options to consider how the future investment needs of the Council's housing stock could be met whilst ensuring its ongoing effective management.

4.23 Council subsequently considered the recommendations on the 26th October 2007 and determined that the preferred option for the future ownership and management of the Council's housing stock was to seek the LSVT to a stand alone Registered Social Landlord. The delivery of a successful LSVT requires a significant financial commitment to provide for expert consultant services, staffing resources and other costs in the pre and post ballot phases. The sum of £411,000 has been allocated to cover the costs of the pre ballot process. In the event of a successful transfer these costs and any further post ballot costs will be recovered as set up costs from the Capital Receipt, however if the ballot is unsuccessful then the HRA will only meet those costs associated with consultation that are estimated at £247,000, the General Fund having to meet the balance, and these will be met from revenue reserves.

Risk Assessment – Housing Revenue Account

4.24 The 2008/09 HRA budget has been prepared on a robust and low risk basis.

4.25 The Housing service has been fully reassessed and a three-year Service Improvement Plan is now in place. There will need to be a concentrated effort in achieving the Decent Homes Standard by 2010, and this has been addressed in the capital programme budget discussed in paragraph 5 below.

5. CAPITAL SPENDING PROGRAMMES

5.1 The Medium Term Financial Plan has allowed for a Capital Programme of £20m in 2008/09, subject to resources being available. The larger elements of this were outlined in the Transition Plan and are shown in the table below, and a contingency sum of £2.5m has provisionally been identified to meet other Corporate Projects such as the funding of planned maintenance of public buildings in accordance with asset management plans, LIP funding and the replacement of obsolete ICT equipment. These schemes will be assessed and prioritised when funding becomes available and Cabinet approval will be sought at a future meeting subject to the availability of resources.

PROPOSED TARGET SPENDING LIMITS

	<u>£000</u>
Housing Revenue Account	7,700
Transition Projects	
Regeneration Trust – Housing Market Renewal	6,000
Construction and Skills Centre	2,500
Redevelopment of Spennymoor Town Centre [Arts Resource Centre]	1,300
Other Corporate Projects	2,500
Total Programme	<u><u>20,000</u></u>

PROGRAMME FUNDED BY: -

	Housing	General	Total
	<u>£000</u>	<u>Fund</u>	<u>£000</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>
Major Repairs Allowance	5,540	-	5,540
Private Sector Renewal*	-	1,250	1,250
Revenue Contributions from HRA	1,700	-	1,700
Use of Revenue Reserves	-	300	300
Capital Receipts	460	950	1,410
Capital Receipts earmarked for regeneration	-	9,800	9,800
	7,700	12,300	20,000

*Not confirmed yet**

Government Capital Allocations

- 5.2 As yet, not all Government allocations towards capital spending programmes for 2008/09 have been confirmed. The largest of these, the Major Repairs Allowance, has been confirmed at £5,540,700 though the indications are that the Council will not receive any Supported Capital Expenditure Allocation to assist in meeting Decent Homes. Although the control totals for the Private Sector Grant Allocations in the form of the Disabled Facilities Grant and the SHIP Grant were approved for 2008/09, they are still subject to discussions at the Regional Housing Board, who have been notified of a savings requirement by the Government, which will be applied to all authorities in receipt of funding. Any funding cuts will not be known until the later stages of the budget process.
- 5.3 The allocations from Government for 2008/09, together with current year comparisons, can be summarised as follows: -

<u>Type of Allocation</u>	<u>2007/08</u>	<u>2008/09</u>
	<u>£000</u>	<u>£000</u>
Major Repairs Allowance	5,061	5,540
Supported Capital Expenditure	213	-
Disabled Facilities Grant*	150	250
SHIP Grant*	1,300	1,000
	6,724	6,790

*Not confirmed yet**

Use of Capital Receipts and Revenue Contributions

- 5.4 In addition to the Government capital allocations shown above, the Council also has access to capital resources from capital receipts from the sale of land and property and revenue contributions from the HRA.
- 5.5 Total non-regeneration capital receipts available next year are forecast to be £4.90m. The General Fund Capital Programme relies almost entirely on capital receipts being generated particularly in relation to Right to Buy sales. As the timing of some of these receipts is still uncertain, it would not be prudent to commit all of the resources, therefore only £1.41m has been taken into account at this stage.

Council Housing

- 5.6 A Capital Programme to £7.7m has been set that will enable the Council to continue to work towards the achievement of Decent Homes by 2010.

Major Regeneration Initiatives

- 5.7 The Council has 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 2008/09 for these initiatives amounts is forecast to be £18.3m although a significant part of this is still in the final stages of completion.
- 5.8 With the adoption of the Transition Plan designed to focus the Council on its major priorities and objectives up to 31st March 2009 a limited number of key capital projects have been identified as detailed below which form part of the £20.0m programme outlined above: -

Initiative	£'000
Area Programme and Strategic Investments	
- Regeneration Trust – Housing Market Renewal	6,000
- Construction & Skills Centre	2,500
Leisure & Culture Schemes	
- Arts Resource Centre	1,300
Total	9,800

Risk Assessment – Capital Spending Programmes

- 5.9 The capital investment provisions set out in this report have been made in the light of known resources and a realistic assessment of capital receipts. As the revenue impact of all Programmes have been fully accounted for a low risk approach has been taken. This is reflected in the allocation of resources as mentioned in paragraph 5.3.

6. RESOURCE IMPLICATIONS

- 6.1 The financial implications are summarised at each stage of this report and following consultation will be clearly set out in final budget report to Council on the 29th February 2008.

7. CONSULTATION

- 7.1 The Council's three Overview and Scrutiny Committees will be fully consulted on these proposals in accordance with the published timetable.
- 7.2 The Tenants' Housing Services Group and Residents Federations are also being consulted on all aspects relating to the Housing Revenue Account.

8. OTHER MATERIAL CONSIDERATIONS

8.1 Links to Corporate Objectives/Values

The Council's Corporate Objectives and Values have guided the preparation of the 2008/09 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.*

8.2 Risk Management

The overall Budget Framework 2008/09 has been prepared on a low / medium 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. For clarity individual risk assessment statements have been set out in the main body of the report for all three major areas of spending. Paragraphs 3.26, 4.24, 4.25 and 5.9 refer]

8.3 Health and Safety

No additional implications have been identified.

8.4 Equality and Diversity

No material considerations have been identified.

8.5 Legal and Constitutional

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

8.6 Other Material Considerations

No other material considerations have been identified.

9 OVERVIEW AND SCRUTINY IMPLICATIONS

9.1 As mentioned above, full consultation and engagement will be undertaken with all three Overview and Scrutiny Committees.

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BACKGROUND PAPERS

- 1. Revenue Support Grant Settlement, Housing Subsidy Settlement and Capital Allocations received from the Department of Communities and Local Government.
- 2. Detailed budget proposals.
- 3. Medium Term Financial Plan 2006/07 – 2008/09
- 4. Transition Plan

EXAMINATION BY STATUTORY OFFICERS

	YES	NOT APPLICABLE
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 Section 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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