

**REPORT TO CABINET**

**14<sup>TH</sup> FEBRUARY 2008**

**REPORT OF DIRECTOR OF RESOURCES**

**Portfolio: STRATEGIC LEADERSHIP**

**BUDGET FRAMEWORK 2008/09**

**1.0 SUMMARY**

- 1.1 Cabinet at its meeting, on 10<sup>th</sup> January 2008, approved a budget framework for 2008/09 upon which the Council's three Overview and Scrutiny Committees. The Sedgefield Resident's Federation and Tenants Housing Services 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 2008/09 in line with the details contained in **Appendix 2**.
- 1.3 Since the initial budgets were prepared further refinements and identified improvements in cash flow brought about from asset sales and clarity around payment of grants have been confirmed. These alongside other minor positive changes to the budget have seen the budget requirement reduce allowing for a lower than forecast increase in Council Tax. The required increase now being 2.1% not 3.0% previously reported.

**2.0 RECOMMENDATION**

- 2.1 That consideration be given to the views and comments made in this report and that Cabinet recommends the 2008/09 Budget Framework, as outlined, to the Council.

**3.0 BUDGET FRAMEWORK 2008/09**

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

- 3.1.1 The recommendations made by the Overview and Scrutiny Committees are set out in **Appendix 1**.
- 3.1.2 The Strategic Leadership Overview and Scrutiny Committee supported the budget proposals for the Strategic Leadership portfolio.
- 3.1.3 Overview and Scrutiny Committee 2 did not support the budget proposals for Housing, Leisure and Culture, Community Health and Safer Communities portfolios and asked Cabinet for further consideration to be given to the following issues : -
  - The pension contribution
  - Percentage of rent increase

- Community Safety – CCTV and Neighbourhood Warden elements.

Further details of the issues raised are included in Appendix 1 attached

- 3.1.4 The Prosperous and Attractive Borough Overview and Scrutiny Committee supported the budget proposals for the Social Regeneration and Partnership, Learning and Employment, Environment and Planning and Development portfolios.

### **3.2 Feedback from Sedgefield Resident's Federation and Tenants Housing Services Focus Group**

- 3.2.1 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.

A budget briefing has been delivered to the Sedgefield Residents Federation; however the meeting with the Tenants Housing Services Group is not scheduled to be held until the 6<sup>th</sup> February 2008 after the end of the consultation period. At the recent meeting particular emphasis has been placed on the continued changes to rent structures and the impact from April 2008. Furthermore all tenants will be informed as to the impact of these changes on individual rent levels.

### **3.3 Impact of Additional Investment Interest from Land Sales**

- 3.3.1 The budget provision for investment interest receivable by the Council from its investment of surplus cash requirements took a prudent approach. In the intervening period the position on some asset sales and confirmation of payment terms of other funding has now been clarified. This alongside other minor positive changes to the budget have seen the budget requirement reduce allowing for a lower than forecast increase in Council Tax. The required increase now being 2.1% not 3.0% previously reported.

## **4.0 RESOURCE IMPLICATIONS**

- 4.1 The financial implications are summarised in **Appendix 2** attached to this report and full details of the 2008/09 budget will be set out in the final budget report to Council on the 29th February 2008.

## **5.0 CONSULTATION**

- 5.1 Consultation on the Budget Framework 2008/09 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 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.*

## 6.2 **Risk Management**

The Budget Framework 2008/09 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 for a stepped increase in the Council's contribution to the Pension Fund in accordance with the expected results from the latest 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.

## 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 2008/09 have been noted in the main body of this report.

## 8. **LIST OF APPENDICES**

**Appendix 1** - Minutes from Overview and Scrutiny Committes-22/24 January 2008

**Appendix 2** - Summary of 2008/09 Budget Recommendations

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**Key Decision Validation:** Will result in the Council incurring expenditure, or making savings of £100,000 or above.

## **BACKGROUND PAPERS**

1. Final Revenue Support Grant Settlement, Housing Subsidy Settlement and Capital Allocations received from the Department of Communities and Local Government.
2. Budget Framework 2008/09 Report to Cabinet 10<sup>th</sup> January 2008.

## 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 2008/09**

**STRATEGIC LEADERSHIP OVERVIEW AND SCRUTINY COMMITTEE HELD ON  
TUESDAY, 22nd JANUARY 2008**

**STRATEGIC LEADERSHIP PORTFOLIO**

**RECOMMENDED:**

1. *That the budget proposals in relation to the Strategic Leadership portfolio for 2008/09 be supported.*

**HEALTHY BOROUGH WITH STRONG COMMUNITIES OVERVIEW AND SCRUTINY  
COMMITTEE HELD ON WEDNESDAY, 23RD JANUARY 2008**

**'LEISURE AND CULTURE, COMMUNITY HEALTH, SAFER COMMUNITIES AND  
HOUSING PORTFOLIOS'**

**RECOMMENDED:**

1. *That the budget proposals in relation to Leisure and Culture, Community Health, Safer Communities and Housing Portfolios were not supported and asked Cabinet for further consideration to be given to the following issues :*
  - *The pension contribution – Concern was expressed about the high level of the employer contribution rate, indicating that if the rate was reduced additional staff could be employed.*
  - *Percentage of rent increase – The budget report considered by the Committee detailed the Governments implications in respect of rent increase from 7th April 2008, which provided for a 5.6% increase based on rent convergence of 2011/12. Concern was expressed that by implementing this option rather than an alternative proposal of 2016/17 that tenants would face additional financial hardship.*
  - *Community Safety [CCTV and Neighbourhood Warden elements]. – Concerns were expressed about the level of resources allocated to Community Wardens. They considered it could be more effective if resources were switched into the CCTV monitoring service which appeared to operate more successfully*

**PROSPEROUS AND ATTRACTIVE BOROUGH OVERVIEW AND SCRUTINY  
COMMITTEE HELD ON THURSDAY, 24<sup>TH</sup> JANUARY 2008**

**'ENVIRONMENT, PLANNING AND DEVELOPMENT, SOCIAL REGENERATION AND  
PARTNERSHIP AND LEARNING AND EMPLOYMENT PORTFOLIOS'**

**RECOMMENDED:**

1. *That the budget proposals in relation to Environment, Planning and Development, Social Regeneration and Partnership and Learning and Employment portfolios for 2008/09 be supported*

## SUMMARY OF 2008/09 BUDGET RECOMMENDATIONS

## GENERAL FUND

<u>Spending:</u>	<u>Target Budget £</u>	<u>Financed by:</u>	<u>£</u>
<i>Strategic Leadership</i>	1,684,280	<i>Revenue Support Grant</i>	9,791,296
<i>Healthy Borough</i>		<i>Collection Fund Surplus</i>	157,000
<i>Culture and Leisure</i>	4,023,270		
<i>Community Health</i>	162,100		
<i>Attractive Borough</i>		<b><i>Council Tax Demand</i></b>	<b>5,057,144</b>
<i>Environment</i>	5,791,450		
<i>Planning and Development</i>	546,520		
<i>Strong Communities</i>			
<i>Private Sector Housing</i>	768,500		
<i>Safer Communities</i>	1,215,900		
<i>Prosperous Borough</i>			
<i>Social Regeneration</i>	1,901,840		
<i>Learning and Employment</i>	261,140		
<i>Less Salary Savings</i>	(480,000)		
<i>Less Efficiency Savings</i>	(79,560)		
<b><i>Budget Requirement</i></b>	<b>15,795,440</b>		
<i>Less Use of Earmarked Reserves</i>	(790,000)		
<b><i>Net Budget Requirement</i></b>	<b>15,005,440</b>	<b><i>Net Budget Requirement</i></b>	<b>15,005,440</b>

This equates to an increase in Band D Council Tax from the current level of **£186.11** to **£ 190.02** - an increase of **£3.91** per year or **2.1 %**.

## HOUSING REVENUE ACCOUNT

Total spending on Housing Revenue Account [HRA] services amounts to **£28,143,800**. This includes funding of **£7,240,700** towards the Housing Capital programme as follows:-

- Major Repairs Allowance of £ **5,540,700**
- Direct Revenue Support from rents of **£1,700,000**

The overall HRA Capital programme of **£7.7m** is financed by using **£246,300** from Capital Receipts and a Supported Capital Expenditure Approval of **£213,000**

Included in the spending total above is a payment of **£3,272,600** which will be made to the DCLG and used by the Government to support national housing priorities, a decrease of **£67,050** over 2007/08.

The increase in Housing Rents is in line with the Government guideline of **3.9%+0.5% + £2.00** adjustment for rent restructuring. This will have the impact of increasing the average rent by £3.15 per week to £59.40 over 47 weeks. Individual rent changes will range from 0.03% to 7.00% with the overall average rent increase on the Housing Revenue Account being 5.6%.

In addition heating charges for those tenants in grouped accommodations and flats served by a communal heating scheme will also need to increase in 2008/09. As a result of increase in energy prices the charges will need to rise significantly over the next few years and for 2008/09 a 9% 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 2008/09 has been set at **£20m** of which **£7.7m** is for the Housing Capital Programme and **£9.8m** has been earmarked for the Projects identified in the Transition Plan. A contingency sum of a further **£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.

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</u> <u>£000</u>	<u>Financed by:</u>	<u>£000</u>
<i>Regeneration Trust – Housing Market Renewal</i>	6,000	<i>Major Repairs Allowance</i>	5,541
<i>Construction and Skills Centre</i>	2,500	<i>Use of Capital Receipts:</i>	
		<i>- HRA</i>	1,410
<i>Spennymoor Arts centre &amp; Town Centre Redevelopment</i>	1,300	<i>- General Fund</i>	9,586
<i>Other Corporate Projects</i>	2,500	<i>Direct Revenue Financing - HRA</i>	1,700
		<i>Supported Credit Approval - HRA</i>	213
<i>Housing Revenue Account</i>	7,700	<i>Use of Earmarked Reserves GRF</i>	300
		<i>Use of Grants and Contributions:</i>	
		<i>- Disabled Facilities Grant</i>	250
		<i>- Single Housing Investment Programme</i>	1,000
<b>Total Capital Programme</b>	<b>20,000</b>		<b>20,000</b>

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