

Public Document Pack

20 September 2007

Dear Councillor

A meeting of the Council Meeting will be held in the Council Chamber, Civic Centre, Newcastle Road, Chester-le-Street, Co Durham, DH3 3UT on Thursday, 27th September, 2007 at 6.00 pm

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roy Templeman', is written over a light grey rectangular background.

R TEMPLEMAN

Chief Executive

AGENDA:

1. Apologies for Absence
2. To Confirm the Minutes of the Meeting Held 26 July 2007 (Pages 1 - 10)
3. Public Speaking
4. To receive declarations of interest from Members
5. Report of the Audit Committee held 15 June 2007 (Pages 11 - 14)
6. Report of the Audit Committee Held 22 June 2007 (Pages 15 - 16)
7. Report of the Audit Committee Held 5 July 2007 (Pages 17 - 18)
8. Report from the Leader of the Council

9. Reports from Portfolio Holders
 - a) Resources and Value for Money
 - b) Regeneration and Strategic Planning
 - c) Community Engagement
 - d) Neighbourhood Services
 - e) Health and Well-being

10. Questions to Leader and Executive Members

11. Local Government Reorganisation Proposals - Judicial Review and Consultation Response (Pages 19 - 24)
Report of the Head of Legal and Democratic Services

12. Appointment to Vacancies for Independent Members on the Standards Committee (Pages 25 - 30)
Report of the Head of Legal and Democratic Services

13. Scheme of Members Allowances and Recommendations from the Independent Remuneration Panel (Pages 31 - 38)
Report of the Head of Legal and Democratic Services

14. Allocation of Functions and Responsibilities and Consequential Delegation of Council Powers Under the Smokefree Legislation to Officers (Pages 39 - 42)
Report of the Head of Legal and Democratic Services

15. The North East Assembly and the Association of North East Councils: Pension Provision (Pages 43 - 46)
Joint Report of the Director of Resources and Head of Legal and Democratic Services

16. Holiday Arrangements - Christmas and New Year (Pages 47 - 50)
Report of the Head of Organisational Development

17. European Charter for Equality of Women and Men in Local Life (Pages 51 - 60)
Report of the Performance and Improvement Manager

18. Park View Trust Agreement (Pages 61 - 66)
Report of the Director of Development Services
19. Treasury Management 2006/2007 (Pages 67 - 76)
Report of the Accountancy Manager
20. Statement of Accounts 2006/2007 (Pages 77 - 164)
Report of the Accountancy Manager
21. Annual Governance Report
22. Local Development Framework -Issues and Options (Pages 165 - 172)
Consultation
Report of the Head of Regeneration
23. Rate Relief Policy (Pages 173 - 188)
Report of the Head of Revenues and Benefits
24. Correspondence
25. Conferences
26. Common Seal
27. Exclusion of Public and Press. To Resolve:
‘That under Section 100A of the Local Government Act 1072, the Public and Press be excluded from the meeting for the following item of business on the grounds it involves the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A of the Act.’
28. Service Restructure (Pages 189 - 208)
Report of the Head of Planning and Environmental Health

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THE DISTRICT COUNCIL OF CHESTER-LE-STREET

Report of the meeting of Council Meeting held in the Council Chamber, Civic Centre, Newcastle Road, Chester-le-Street, Co Durham, DH3 3UT on Thursday, 26 July 2007 at 6.00 pm

PRESENT:

Councillor Allen Turner, Councillor Stephen Barr, Councillor James William Barrett, Councillor Lancelot Edward William Brown, Councillor Richard Court, Councillor Linda Ebbatson, Councillor Paul Ellis, Councillor Martin James Gollan, Councillor Simon Antony Henig, Councillor Alan Keith Holden, Councillor Christopher John Jukes, Councillor William Laverick, Councillor Maureen Diana May, Councillor Maureen Potts, Councillor Jacqueline Maria Proud, Councillor Derek Leslie Robson, Councillor Michael Sekowski, Councillor John Shiell, Councillor David Thompson, Councillor Simon Christopher Lindsay Westrip and Councillor Audrey Willis

Officers: R Templeman (Chief Executive), L Chambers (Director of Resources), P Stephens (Acting Director of Community Services), A Ainsley (Acting Head of Housing Services), J Henderson (Revenues and Benefits Manager), C Potter (Head of Legal and Democratic Services), M Walker (Head of Regeneration), H Geertsema (Communications and PR Officer) and L Hall (Housing Strategy and Business Manager)

Also in attendance were four members of the public.

36. APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors A Humes, G Armstrong, GK Davidson, S Greatwich, R Harrison, TH Harland, PH May, P Nathan, K Potts, T Smith and F Wilkinson.

The Chairman advised that Councillor R Harrison had undergone an operation and was recovering well.

37. TO CONFIRM THE MINUTES OF THE PREVIOUS MEETING

The minutes of the proceedings at the meeting of the District Council held on 28 June 2007, copies of which had previously been circulated, were submitted.

The Council RESOLVED:

“That the minutes be confirmed as a correct record.”

The Chairman proceeded to sign the minutes.

38. PUBLIC SPEAKING

No requests had been received from members of the public to speak at the meeting in accordance with the Council's agreed policy.

39. TO RECEIVE DECLARATIONS OF INTEREST FROM MEMBERS

The Chairman advised that he, Councillor DL Robson and Councillor AK Holden declared personal interests as members of the Cestria Housing Board in item no. 10 on the agenda relating to a report on Joint Allocations and Lettings Policy, and would be remaining in the meeting.

40. REPORT FROM THE LEADER OF THE COUNCIL

The Leader of the Council reported:

Key Decisions

Write-off of Debt

"1 That the write-off of the debts detailed in sections 5.2, 5.3 and 5.4 of the report be agreed.

2 That it be noted that the NDR bad debts will be charged to the non-domestic rating pool and £14,028.35 will be written off against the general fund provision for bad debts."

Land Matters

"1 Surplus Land

That the disposal stages that have been reached were noted, and progression to the next stages of the following disposals were agreed:

- The re-marketing of the site at East Street (Site 2), Grange Villa and Gray Avenue, Chester-le-Street;
- Consideration of the Mafeking Terrace site as part of the consideration of the Sacriston Area Development Framework;
- The expenditure of £1000, from within existing budgets, on urban design work to enable further more detailed consultation with the residents of Grange Villa."

2 Acquisition of land at Merlin Drive, Chester-le-Street

- That the land shown edged in black at Appendix 1, be acquired by 'Deed of Gift' subject to the Council paying the landowners reasonable legal costs.

- That a further report be presented to Members at a later date regarding the allocation of Section 106 monies and installation of play equipment.”

A Busy Month

The Leader advised that in addition to usual business it had been a busy month:

- LGA Conference
- Climate Change Conference at the Riverside
- LAA Board Meeting
- Environment Board Meeting
- Corporate Briefings
- Publication of Sub National Review of Economic Development Regeneration
- Announcement on Local Government Re-organisation

Local Government Re-organisation

The Leader advised that as a result of central government deliberations a single unitary authority for all of County Durham would come into being in May 2009. No further details were available but a copy of the ministerial statement had been circulated for information. The Leader advised that we must assume that the re-organisation will be on the lines of the proposals submitted by the County Council – copies of which were available on their web site.

The Leader stated that many Councillors had spent the past 4 years, at considerable cost to their personal lives and interests, in taking the Council from poor to good – an achievement by anybody’s standards. At the same time old bonds of trust and confidence with local people had been re-established, as well as new bonds being built. The Leader said that to say that she was disappointed at the Government’s decision was to put it mildly, and added that some may recall that when she took over as Leader of the Council in 2003 she quoted Arundhati Roy from the ‘God of Small Things’ “ And the air was full of Thoughts and Things to Say. But at times like these, only the Small Things are ever said. The Big Things lurk unsaid inside”. She advised that remained true so “Good luck Albert, you’re going to need it”.

The Leader said that on a practical level she would direct Members to the message sent to all staff by the Chief Executive, a copy of which had been circulated , and added that the main points apply equally to Councillors –

- We are fortunate insofar as we are experienced in working in an environment of change
- We have two years in which to ensure that the Council is in the best possible shape to deliver good services to our communities

- We now need to reflect on the detail of the decision before considering the next steps
- Our priority however will be to concentrate on providing uninterrupted delivery of quality services that are right for the people we serve.
- In addition we are fortunate in having a Chief Executive with experience of re-organisation.

As there would be no Council Meeting in August the Leader suggested Members take the next few weeks to rest, recuperate and reflect. By September more details of the proposed changes would be available and they could be tackled with fresh vigour and in the tradition we have established over the last 4 years – that is calmly, constructively and always with the best interests of the people and place of Chester-le-Street District Council at heart.

The Leader said that can be done best by keeping a sense of perspective – unclouded by anger, however justified, and unfashioned by disappointment, however deeply felt.

The Leader added, on a more light-hearted note, Ed Balls, recently appointed Secretary of State for Children, Schools and Families had been asked to write an alternative ending to the latest Harry Potter (an event of far greater interest to the general public than local government re-organisation) for the Guardian.

The Leader paraphrased:

“As Albert tried to cram yet another trophy for outstanding wizardry into his trunk, a promising future of non-academic accolades and no doubt, a slow-track career at the Ministry of Magic within his grasp, Chester-le-Street District Council looked on wistfully. Typical we thought. You can have 2 PhDs on your Council, you can save a Council from impending doom but if Ministers and Civil Servants don’t listen to you, all that’s left is a job behind the bar at the Leaky Cauldron or stacking shelves at Flourish and Blotts”.

41. REPORTS FROM PORTFOLIO HOLDERS

a. Resources and Value for Money

Councillor SA Henig advised that the draft report following the review of the Benefits Service indicated that the service was good with promising prospects to improve further.

b. Regeneration and Strategic Planning

There was no report from Councillor CJ Jukes.

c. Community Engagement and Partnership

Councillor S Barr reported on the following:

Member Development

The draft Member Development Strategy was ready for consultation with Members and would be discussed at the Members Steering Group meeting on Thursday 2nd August 2007 at 4.00pm in Conference Room 3. There was an established group, but all interested Members were invited to attend.

Copies of the Members training plan had been circulated. The training plan had been revised to include course objectives. Members were requested to book spaces for relevant training. For all mandatory courses, places would be reserved and Members would be sent written details and course joining instructions.

Work was ongoing to produce a “Directory of Services” for Members. This would provide a handy guide to who to contact for different issues.

The Council had registered an interest in being part of a North East Learning Pool where Members will have access to on line learning materials and will potentially provide an additional flexible alternative for development.

Information Technology

Councillor Barr advised having attended the Durham County eGovernment Partnership meeting that oversees a Countywide approach to IT including a Customer Relationships Management system. The system manages contacts between customers in all of the Districts on a wide variety of functions and although continuing to evolve was managing 45,000 transactions per week across the County. At Chester-le-Street, the system dealt with complaints, compliments, MP enquiries, and change of address notifications.

With regard to IT accessibility, members of the community were to be invited to attend a workshop to explore how ICT could improve services to the community and in particular to those with a disability or other special needs.

Councillor Barr made specific reference to other IT developments:

- An Extranet for the Local Strategic Partnership.
- The Document Management System in Planning.
- Planning for the implementation of ICT provision for Cestria Community Housing.
- Working towards the Chartermark for ICT Service Delivery.

Customer Services

The Reception and Cashier units had been formed into the corporate Customer Services Team to provide all cashier / reception and switchboard services within the Civic Centre, and was the next step in the overall development and transformation of front-line services within the Council as a whole.

LSP

Councillor Barr advised having attended the LSP Steering Group meeting when the Council's CPA Inspection Report was submitted and the Group recorded its congratulations to the Council.

Reports were considered by the Group on:

- Public sector procurement and the voluntary sector
- Local Transport Bill
- Local Area Agreement

Democratic Services

Councillor Barr advised that following the visit of the School Council from Chester-le-Street CE Junior School that he reported last month, the Democratic Services Team together with the Chairman of the Council, visited the school to give a presentation on Democracy. The event was interactive and involved the children voting and taking part in a role-play. The event had been a tremendous success and a card was subsequently received, signed by all of the School Council, with a message of 'Thank you for a brilliant assembly'

Councillor Barr described this as a great example of promoting local democracy. He advised that work was progressing on arrangements for Local Democracy Week (15th – 20th October) that would include:

- A rap band to do two shows.
- The launch of the European Charter for Equality for Women and Men in Local Life by Stephen Hughes MEP
- Civic Centre 'open days' throughout the week with presentations by all Service Teams
- Activities at the Civic Heart

A full programme and further details would be circulated in advance and Councillor Barr suggested that this would be a good way for Members to get involved and promote local democracy.

d. Neighbourhood Services

Councillor SCL Westrip reported on the following:

Smokefree Implementation

The Health Act 2006 came into force on 1 July 2007 making the majority of enclosed work places and public places Smokefree, and formal high intensity monitoring of the legislation started at 7.00pm on Sunday 1 July. In order to

monitor the legislation, part-time temporary internal vacancies were advertised enabling Council staff to work on the project. Over 30 staff applied and most Departments were represented. Each Monitoring Team consisted of two people at least one of which had experience in enforcement. The approach enabled the high intensity phase of the monitoring programme to be delivered at less than 50% of the cost had external contractors been used. This example of the 'One Team' approach will be featured in the next issues of Team Talk and District News.

Monitoring focussed on pubs, clubs, bookmakers and cafes and over 400 monitoring visits have been carried out without a single instance of smoking in a Smokefree area being witnessed.

Environmental Services

Councillor Westrip advised of the Teams positive response to recent flooding delivered by the One Team approach, and of the value of in-house services with local knowledge and a commitment to communities.

The Green Flag Award for Riverside had been retained for the third year in succession.

Difficulties had been experienced in maintaining standards in the ground care service due to the above average rain fall, but the Team was working hard to recover standards across the District.

Leisure Services

Councillor Westrip advised that a full programme of events had been organised for the summer school holiday period and details of the events were circulated at the meeting.

Positive Futures Summer Programme

Councillor Westrip advised that Positive Futures was a national initiative aimed at young people aged 8-19 years who were at risk of social exclusion and involvement in criminal activity/anti-social behaviour, by encouraging them through the medium of sport to participate in positive activities.

The summer programme would be based in the five Positive Futures target areas, namely:

Pelton Fell
Chester West
Pelton
Lumley
Sacriston

Planning Services

Councillor Westrip said he was pleased to announce that BVPI 109 showed that the Planning Section was continuing to improve and advised of the following indicators:

BVPI 109a – Major Planning Applications decided in 13 weeks
88% - fourth in region
BVPI 109b – Minor Planning Applications decided in 8 weeks
92% - first in region
BVPI 109c – Other Planning Applications decided in 8 weeks
95% - first in region

e. Health and Wellbeing

Councillor M Potts reported having attended several meetings during the previous month. She made specific reference to the Durham and District Supporting People Partnership meeting when one of the items discussed was services for offenders. The group was looking to remodel the service as it mainly focussed on single people.

Also discussed at the meeting was a Floating Service for the deaf, deafened and deaf/blind aimed at promoting the ability to live independently in the community.

Councillor Potts advised having also attended a meeting at Newcastle Civic Centre at which the new Home Secretary, Jacquie Smith, was present. At the meeting, the Home Secretary paid tribute to the people of Byker saying that everyone working together and had reduced crime in that area by 35% since 1997.

Councillor Potts added that she had attended the launch of the Pocket Guide to Durham that contained details of places to visit, stay, eat, shop and enjoy, as well as including quotes by travel writer, Bill Bryson.

42. **QUESTIONS TO LEADER AND EXECUTIVE MEMBERS**

There were no questions for the Leader or Executive Members.

43. **ANTI POVERTY STRATEGY**

Consideration was given to a report from the Director of Resources and Revenues and Benefits Manager seeking approval to the Corporate Anti-Poverty Strategy, copies of which had previously been circulated.

Councillor SA Henig introduced the report and moved, seconded by Councillor CJ Jukes, that the recommendation in the report be approved.

The Council RESOLVED:

“That the Corporate Anti-Poverty Strategy appended to the report be approved.”

44. HOMELESSNESS STRATEGY

Consideration was given to a report from the Head of Regeneration seeking approval to the Homelessness Strategy, copies of which had previously been circulated.

Councillor CJ Jukes introduced the report and acknowledged the involvement of the former portfolio holder, former Councillor IS Smith, in the production of the strategy.

The Housing Strategy and Business Manager spoke on the detail of the report and strategy.

Councillor S Barr advised being impressed with the performance of the Homelessness Team and requested that the graph on page 19 of the strategy document be amended in order to identify the homeless presentations within each of the Chester-le-Street Wards.

Councillor SCL Westrip advised that reference to domestic violence in the strategy should be changed to domestic abuse.

Councillor CJ Jukes proposed, seconded by Councillor S Barr, that the recommendation in the report be approved.

The Council RESOLVED:

“That the revised Homelessness Strategy as appended to the report be approved.”

45. JOINT ALLOCATIONS AND LETTINGS POLICY

Consideration was given to a report from the Acting Director of Community Services seeking approval to the Joint Allocations and Lettings Policy between Cestria Community Housing Association and the Council, copies of which had previously been circulated.

The Acting Director of Community Services introduced and spoke to the report.

Councillor L Ebbatson proposed, seconded by Councillor CJ Jukes, that the recommendations in the report be approved.

The Council RESOLVED:

“1. That the Joint Allocations and Lettings Policy appended to the report be approved.

2. That the Policy be presented to the Shadow Board of Cestria Community Housing Association.”

46. CORPORATE COMMUNICATIONS STRATEGY

Consideration was given to a report from the Customer Relationship Manager recommending the adoption of the Corporate Communications Strategy 2007-2010, copies of which had previously been circulated.

The Chief Executive introduced that report and advised that Members’ use of IT services would be added to the strategy.

Councillor L Ebbatson advised she welcomed the strategy and challenged the Chief Officers to look at the Action Plan and ensure that performance management is both rigorous and comprehensive.

Councillor L Ebbatson proposed, seconded by Councillor CJ Jukes, that the recommendation in the report be approved.

The Council RESOLVED:

“That the Corporate Communications Strategy 2007-2010 as appended to the report be adopted.”

47. COMMON SEAL

The Council RESOLVED:

“That the action of the Officer in affixing the Common Seal of the Council to the following documents be confirmed: -

Transfer in duplicate relating to 30 Viola Crescent, Sacriston
Transfer in duplicate relating to 48 Conyers Road, Chester-le-Street
Transfer in duplicate relating to 15 Northlands, Chester-le-Street
Form DS1 in respect of 38 Northlands, Chester-le-Street
Transfer in duplicate relating to 29 Marigold Crescent, Bournmoor
Transfer in duplicate relating to 30 Ruskin Avenue, Pelton Fell.”

The meeting terminated at 6.55 pm

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THE DISTRICT COUNCIL OF CHESTER-LE-STREET

Report of the meeting of the Audit Committee held on Friday 15 June 2007 at 2.00pm

Members Present: Councillors G Armstrong, R Harrison, JM Proud and J Shiell.

Officers Present: J McConnell (Chief Internal Auditor), K Roberts (Principle Internal Auditor) and C Turnbull (Democratic Services Officer).

1 APPOINTMENT OF CHAIRMAN

The Democratic Services Officer invited nominations for the appointment of Chairman of the Committee.

RESOLVED: "That Councillor G Armstrong be appointed Chairman of the Committee for the ensuing year."

Councillor Armstrong placed on record his thanks to the Committee's former Chairman and Vice Chairman, Councillors C Carr and R Richardson, for their work on developing the Committee.

2 APPOINTMENT OF VICE CHAIRMAN

The Chairman invited nominations for the appointment of Vice Chairman.

RESOLVED: "That Councillor R Harrison be appointed Vice Chairman of the Committee for the ensuing year."

3 MINUTES OF MEETING HELD 19 APRIL 2007

RESOLVED: "That the minutes of the proceedings at the meeting of the Committee held 19 April 2007 copies of which had previously been circulated, be confirmed as being a correct record."

The Chairman proceeded to sign the minutes.

4 DECLARATIONS OF INTEREST BY MEMBERS

There were no declarations of interest from Members.

5 INTERNAL AUDIT WORK COMPLETED

Consideration was given to a report from the Chief Internal Auditor giving an update of the findings of Internal Audit work completed within the last quarter of the 2006/2007 financial year. The report contained executive summaries of audits on Accounts Payable, Payroll and Cash and Banking.

K Roberts, Principle Internal Auditor, advised of the five areas/categories that services were assessed against at audit:

- Service objectives and whether progress is monitored
- Compliance with regulations and guidance
- Quality of data used
- Economic and efficient use of resources
- Safeguard of Council's assets

Accounts Payable

The Principle Internal Auditor, advised this was a follow-up audit to the main audit in August 2006 when 11 recommendations were made. Six of the recommendations had been fully implemented, 4 were progressing and 1 was disputed. The disputed area related to funds checking prior to raising orders that was referred to in the meeting held 19 April 2007.

Councillor Proud enquired of the possibility of imposing completion dates for the 4 outstanding recommendations, when the Chief Internal Auditor advised that this would be addressed in her report to the July 2007 meeting.

Payroll

The Principle Internal Auditor spoke to the executive summary and key findings.

Cash and Banking

The Principle Internal Auditor spoke to the executive summary and key findings.

Members expressed concern about safety of staff as the security of the cash office was reported to be in need of review, and requested that the Chief Executive be advised of their concern.

6 REVIEW OF THE SYSTEM OF INTERNAL AUDIT

Consideration was given to a report from the Chief Internal Auditor detailing the outcome of a self-assessment review of the system of internal audit.

The Chief Internal Auditor advised that the Council was required to review the effectiveness of their system of internal audit once a year and for the findings to be considered by Members. She reported that the result of the self-assessment indicated that the Internal Audit Section was **Working Towards** full compliance with the eleven standards of the CIPFA Code of Practice for Internal Audit 2006 and also that the Audit Committee was **Working Towards** full compliance with the criteria of the CIPFA BGF Audit Committee Toolkit 2006.

The Chief Internal Auditor advised that the Internal Auditor from Derwentside District Council was requested to undertake a Peer Review of the effectiveness of internal audit. The review concurred that the Internal Audit Section continued to work towards full compliance with the CIPFA Code of Practice.

RESOLVED: "That the outcomes of the self assessment and peer review, as detailed in the reports from the Chief Internal Auditor and the Internal Auditor, Derwentside District Council, be accepted."

7 INTERNAL AUDIT ANNUAL REPORT 2006/2007

Consideration was given to the annual report from the Chief Internal Auditor on the findings and conclusions of Internal Audit and providing an opinion on the effectiveness of the internal control environment.

The Chief Internal Auditor spoke to the report and advised of her opinion, based on the results of the audit assignments carried out during 2006/2007, that the internal control environment had improved to a position where it was **Adequate** and **Effective**. She further advised that there were sufficient and robust action plans in place to rectify the weaknesses that had been identified.

RESOLVED: "That the Annual Report be endorsed and submitted to Council."

The meeting terminated at 2.57pm

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THE DISTRICT COUNCIL OF CHESTER-LE-STREET

Report of the meeting of the Audit Committee held in the Council Chamber, Civic Centre, Chester-le-Street on Friday 22 June 2007 at 2.00pm

Members Present: Councillors G Armstrong (Chairman), R Harrison and J Shiell.

Officers Present: J McConnell (Chief Internal Auditor), L Chambers (Director of Resources), I Herberson (Accountancy Manager), J Elder (Risk and Financial Services Manager) and C Turnbull (Democratic Services Officer).

Also Present: J Dafter and Cathie Eddowes (Audit Commission representatives)

8 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor JM Proud.

9 MINUTES OF MEETING HELD 15 JUNE 2007

RRESOLVED: "That the minutes of the proceedings at the meeting of the Committee held 15 June 2007 copies of which had previously been circulated, be confirmed as being a correct record."

The Chairman proceeded to sign the minutes.

10 DECLARATIONS OF INTEREST BY MEMBERS

There were no declarations of interest by Members.

11 STATEMENT OF ACCOUNTS 2006/07

Consideration was given to a report on the Statement of Accounts for 2006/07 that the Director of Resources was submitting for approving to the Council Meeting on 28 June 2007.

The Director of Resources introduced the report and advised that the views of the Committee should be made known to the Council when it considers the report and Statement.

The Director of Resources advised of an underspend of £29,354 as compared with the probable budget. Leisure, Regeneration and Revenues and Benefits had all underspent on their budgets whereas Environmental Services had overspent mainly due to a reduction in income from the highways agency service carried out for Durham County Council.

The Director of Resources spoke to each section of the report and highlighted the following: -

- The minimum General Fund Reserve figure of £349,000 included in the Medium Term Financial Strategy was acceptable.
- paragraph 6.6 should refer to an underspend on leisure services
- the Director of Resources to provide details of the overspend on Legal and Democratic services
- the Director of Development Services was to examine the contact with Durham County Council regarding highways works.
- PSA grant and the LAGBI grant income was included in the earmarked reserves
- The balance on the HRA on transfer of the housing service to Cestria Housing Association would be transferred to the Council. The set up cost of £2.5M was a loan to Cestria and would be repaid to the Council.
- The Director of Resources to report on the level of recovery of arrears

With regard to borrowing, the Accountancy Manager explained the relevance of Operational Boundary and Affordable Borrowing Limits.

Councillor Proud advised credit was due to the Accountancy Team for not exceeding the borrowing limits and for the format and presentation style of the Statement of Accounts.

12 STATEMENT OF INTERNAL CONTROL

Consideration was given to a report on the Statement of Internal Control that the Director of Resources was submitting for approval to the Council Meeting on 28 June 2007.

The Risk and Financial Services Manager explained the consultation process that fed into the production of the Statement and advised that the Council's Corporate Governance Steering Group was responsible for conducting a review of the effectiveness of the systems of internal control.

The Director of Resources gave an assurance that training would be arranged for Members and Officers.

The Risk and Financial Services Manager confirmed there was a plan to action the control issues highlighted in the report and would be reported to the Committee.

RESOLVED: "That the Chairman report the Committee's consideration of the Statement of Accounts and Statement of Internal Control to the Council Meeting on 28 June 2007."

The meeting terminated at 3.08pm

THE DISTRICT COUNCIL OF CHESTER-LE-STREET

Report of the meeting of the Audit Committee held in Conference Room 3, Civic Centre, Chester-le-Street on Thursday 5 July 2007 at 2.00pm

Members Present: Councillors G Armstrong (Chairman), JM Proud and J Shiell.

Officers Present: J McConnell (Chief Internal Auditor) and C Turnbull (Democratic Services Officer).

13 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor R Harrison.

14 MINUTES OF MEETING HELD 22 JUNE 2007

RESOLVED: That the minutes of the proceedings at the meeting of the Committee held 22 June 2007 copies of which had previously been circulated, be confirmed as being a correct record.”

The Chairman proceeded to sign the minutes.

15 DECLARATIONS OF INTEREST FROM MEMBERS

There were no declarations of interest from Members.

16 AUDIT PLAN 2007/08

Consideration was given to a report from the Chief Internal Auditor that sought approval to the Internal Audit Plan for 2007/08 and to the allocation of internal audit resources.

The Chief Internal Auditor spoke to the report and advised that the Audit Plan formed the action plan for the delivery of the Audit Strategy and compared the resources available to the resources required to deliver the Strategy.

RESOLVED: “That the Internal Audit Plan for 2007/08 be approved.”

17 INTERNAL AUDIT WORK COMPLETED

Consideration was given to a report from the Chief Internal Auditor giving an update of the findings of Internal Audit work completed within the first quarter of the 2007/08 financial year. The report contained executive summaries of audits on Best Value Performance Indicators and Tenants Panel Accounts 2006/07.

Best Value Performance Indicators

The Chief Internal Auditor advised of the three tests against which the Indicators were assessed:

- Compliance
- Accuracy
- Data Quality

She advised there were no recommendations made following the audit.

Tenants Panel Accounts 2006/07

The Chief Internal Auditor advised that Internal Audit was commissioned to provide assurance on the accuracy and integrity of the accounts produced by the Tenants Panel for 2006/07 in respect of the funding held by them.

The Chief Internal Auditor advised of the key findings and that there were no recommendations made following the audit.

18 INTERNAL AUDIT PERFORMANCE

Consideration was given to a report from the Chief Internal Auditor on the activity and performance of Internal Audit during the first quarter of the 2007/08 financial year.

RESOLVED: "That the information contained in the report be noted."

The meeting terminated at 2.20pm

OPEN REPORT



Chester-le-Street District Council

Report to:	Council
Date of Meeting:	27 September 2007
Report from:	Head of Legal & Democratic Services
Title of Report:	Local Government Reorganisation Proposals – Judicial Review and Consultation Response
Agenda Item Number:	11

1. Purpose and Summary

- 1.1 The purpose of this Report is to inform Council about two urgent Council decisions which were made on 3 September 2007 by the Leader of the Council, Cllr Linda Ebbatson, in exercise of the urgency powers under Rule 4(a) of Part 4D of the Council's Constitution after the necessary agreement was obtained from the Chair of the Overview and Scrutiny Management Board, Cllr Armstrong.
- 1.2 Rule 4(b) of Part 4D of the Council's Constitution requires the Leader of the Council to provide a full report to the next available Council meeting explaining the decisions, the reasons for it and why the decisions were treated as a matter of urgency.
- 1.3 Decision One - The Leader decided that the Council should join Durham City Council in its intended judicial review application of the Government's decision to accept Durham County Council's proposal of one unitary Council for County Durham, and to authorize financial expenditure to a maximum figure of £5,000 in order to undertake this. This was on the understanding that the matter would be re-evaluated after the outcome of the Shrewsbury & Atcham Borough Council's judicial review is known.

- 1.4 Decision Two – The Leader delegated authority to the Chief Executive in consultation with the Leader in order for a response to be given by Council by the consultation deadline of 28 September 2007 to the Government consultation paper entitled ‘Councils’ Proposals for Unitary Local Government: An Approach to Implementation (Discussion Document)’.

2. Consultation

- 2.1 Given the urgent timescales, it had not been possible for normal consultation to be undertaken on these decisions. Discussion had however taken place with Durham District Leaders and Chief Executives on both of these matters.
- 2.2 In order for the urgent Council decisions to be made, the Chair of the Overview and Scrutiny Management Board not only needed to be consulted but had to consent that the decisions were urgent. Cllr Geoff Armstrong was consulted and consented to the decisions being treated as a matter of urgency..
- 2.3 The Director of Resources and the Chief Executive had been consulted too.

3. Corporate plan and Priorities

- 3.1 The Council’s vision is ‘working together to fulfil the needs of our communities’ and the corporate priorities all reflect this vision.

4. Implications

4.1 Financial Implications and Value for Money Statement

- 4.1.1 Being party to judicial review proceedings exposes the Council to liability for not only its own costs but also potential liability for costs incurred by the Secretary of State in preparing and conducting the case.
- 4.1.2 Expenditure will be mitigated as much as possible by reliance on similar grounds to those in the Shrewsbury & Atcham Borough Council’s case. Furthermore, such proceedings be issued then the judicial review application is likely to be adjourned pending the outcome of the Shrewsbury & Atcham Borough Council case.
- 4.1.3 Up to 3 September 2007 about £200 expenditure has been incurred. Following the urgent decision to be a party to the judicial review it is anticipated that there will be liability up to an estimated maximum of £5,000 for the Council. This is up to the date when the result of the Shrewsbury & Atcham Borough Council’s judicial review result is expected. From information obtained by the Chief Executive, it is probable that the expenditure would be in the region of £2,000 to £3,000. It can be met from the Chief Executive’s existing budget. (At the time of drafting this Report – 13 September 2007 – no result is known but Members will be updated at the Meeting)

4.1.4 Whether or not further expenditure would be incurred would depend upon what decision was made following the Council's re-evaluation of its position after the outcome of the Shrewsbury & Atcham Borough Council's judicial review application. If the Council did not proceed further, then no further expenditure is anticipated. If the Council did proceed, then the financial implications would have formed part of a future report and decision-making process (including a risk assessment) prior to that decision.

4.2 Legal

4.2.1 Durham City Council had obtained legal opinion from Arden Chambers, the barristers acting on behalf of Shrewsbury & Atcham Borough Council, as to the merits of a claim for judicial review against the Secretary of State's decision to shortlist for implementation the proposals put forward by Durham County Council on Monday 27 July 2007.

4.2.2 This legal opinion which attracts legal professional privilege had been shared with all the Durham Districts Councils. The advice confirmed that there are sufficient and reasonable grounds on which to proceed to judicial review.

4.2.3 A copy of a report to Durham City Council's Cabinet's meeting on 5 September 2007 more fully set out the position and is available as a background paper.

4.3 Personnel

There are minimal implications and these can be met from existing staff resources.

4.4 Other Services

There are minimal implications at this stage but the proposed local government review associated disruption of service and future delivery of council services will have a significant impact upon service delivered to our communities and the need to provide the best locality based access to public services.

4.5 Diversity

There are no implications directly arising from this Report.

4.6 Risk

In addition to the financial risks already explained, there is a potential risk to relationships and reputation. This however if it exists goes both ways and it is believed that all engaged in public service will continue to serve the public interest as they best see it.

4.7 Crime and Disorder

There are no implications directly arising from this Report.

4.8 Data Quality

Every care has been taken in the development of this Report to ensure that the information and data used in its preparation and the appendix attached is accurate, timely, consistent and comprehensive. The Council's Data Quality Policy has been complied with in producing this report.

4.9 Other Implications

None

5. Background , Position Statement and Option Appraisal

5.1 Bids were invited by the Government as to the future reorganization of local government.

5.2 Sixteen bids were short listed by the Secretary of State for the Department of Communities and Local Government (DCLG) for consultation on 27 March 2007.

5.3 That consultation period ended on 22 June 2007.

5.4 On 25 July 2007 the Government announced the results and this included the Durham County Council's unitary bid for one unitary council in County Durham.

5.5 Since then further discussions have taken place including those through the Durham Districts Forum.

5.6 The Council could have either chosen to accept the outcome of the consultation process or the Council could have decided to challenge that process. Legal opinions taken by the Government and by other Councils differed.

5.7 Given the fact that Durham City Council was intending to issue proceedings on or around 7th September 2007, there was insufficient time to call a quorate meeting of the Council.

5.8 In addition, there was also insufficient time to deliver a response to the Government's consultation paper on implementation issued on 22 August 2007 and which has a deadline for receipt of representations of 28 September 2007.

5.9 Using the urgent Council decision-making procedure, the Leader decided between these two options outlined above at 5.6 going for a judicial review challenge and also agreed to delegate powers from the Council to the Chief Executive in consultation with the Leader under section 101 of the Local

Government Act 1972 in order for a response to be given to the consultation paper.

- 5.10 The Chair of the Overview and Scrutiny Management Board consented that the matter(s) were in the urgency category given the timescales made it impracticable to call a quorate meeting of the Council.

6. Recommendations

- 6.1 That Council notes the decisions made by the Leader of the Council and endorses those decisions.

7. Background Papers/ Documents referred to

- 7.1 Copy Executive Report to Durham City Council's Cabinet.
- 7.2 Governments 'Approach to Implementation (Discussion Document).

AUTHOR NAME: Christopher Potter
DESIGNATION: Head of Legal and Democratic Services
DATE OF REPORT: 13 September 2007
VERSION NUMBER: 1

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OPEN REPORT



Chester-le-Street District Council

Report to:	Council
Date of Meeting:	27 September 2007
Report from:	Head of Legal & Democratic Services
Title of Report:	Appointment to vacancies for Independent Members on the Standards Committee
Agenda Item Number:	12

1. Purpose and Summary

- 1.1 The purpose of this Report is to seek Council approval to appoint two people to fill the two vacancies for Independent Members on the Standards Committee and to appoint a third person as a standing reserve Independent Member, necessitating a consequential minor amendment to the Constitution.
- 1.2 The Council at its meeting in December 2006 decided that the terms of office of Independent Members should be for an initial period of four years and so it is recommended that the appointments should be for a four year period running from the date of appointment.

2. Consultation

- 2.1 The Council placed an advertisement for the two vacancies in the Evening Chronicle inviting expressions of interest to be received by 5 August 2007.

3. Corporate plan and Priorities

- 3.1 The ethical framework underpins the work of the District and Parish Councils and thereby supports the various corporate plans and priorities.

4. Implications

4.1 Financial Implications and Value for Money Statement

4.1.1 The cost of induction of new members and of financial claims in respect of their duties can be met from existing budgets.

4.2 Legal

4.2.1 The District Council is obliged to have a Standards Committee which exercises responsibilities in respect of both the District Council and all parish and town councils within its area. There are currently eleven parish councils and no town councils in the District.

4.3 Personnel

There are minimal implications and can be met from existing staff resources.

4.4 Other Services

There are minimal implications

4.5 Diversity

There are no implications arising from this Report.

4.6 Risk

4.6.1 Where a Standards Committee consists of more than three members, at least 25% of the membership of the Standards Committee must be Independent Members. In addition, there must be at least one Independent Member present at each meeting otherwise the Standards Committee would be inquorate and unable to fulfill its statutory duties.

4.6.2 With the anticipated local referral of complaints due to take effect from April 2008, it will more than ever important to have an experienced and full complement of members. Appointment of all three would be a step towards meeting this extended role.

4.7 Crime and Disorder

There are no implications arising from this Report

4.8 Data Quality

Every care has been taken in the development of this Report to ensure that the information and data used in its preparation and the appendix attached is accurate, timely, consistent and comprehensive. The Council's Data Quality Policy has been complied with in producing this Report.

4.9 Other Implications

None

5. Background , Position Statement and Option Appraisal

5.1 The ethical framework was created under Part III of the Local Government Act 2000 and section 53(1) of that Act requires the Council to have a Standards Committee.

5.2 The makeup of a Standards Committee is subject to statutory control. At least 25 % of the membership must be Independent Members.

5.3 Sadly the Rev Elliot Davidson died in January 2007 and David Fisher has decided to retire and therefore two vacancies have arisen for Independent Members.

5.4 Three people have applied to serve on the Standards Committee as Independent Members, namely Ms Gill Stephenson, Ms Leigh Henderson and Mr. Jim Armstrong.

5.5 There are only two vacancies. However, given the future work demand arising from the anticipated local referrals as from April 2008 and the need to prepare for implementation, I feel that it would be wise to increase capacity.

5.6 Capacity can be increased without altering the carefully agreed membership balance accepted previously by the Council. The cost of recruitment and the inevitable delays can be avoided by having a reserve to step into the breach and indeed where an Independent Member is temporarily unable to attend (e.g. through work commitments) a particular meeting then the risk of a particular meeting being inquorate can be reduced by having the reserve attend. I therefore recommend the creation of a reserve Independent Member position and a consequential amendment of the Constitution to facilitate this.

5.7 All three applicants are, in my view, worthy of appointment and the issue is who should be appointed to the two vacancies and who should act as the standing reserve.

- 5.8 Gill Stephenson is an experienced former parish clerk and also a former parish councillor having served on Great Lumley Parish Council. She also is a former Parish Representative on the Standards Committee who left in May this year as a result of her decision not to stand for re-election as a parish councillor. There is nothing in law to prevent a former parish councillor from being appointed to serve as an Independent Member and indeed her wealth of experience would be an asset to local government. I therefore recommend to the Council that Ms Stephenson be re-appointed to the Standards Committee but in the capacity of an Independent Member for a period of four years from 27 September 2007.
- 5.9 Leigh Henderson comes with a manufacturing management background and was appointed by the Council to serve on the Independent Remuneration Panel to which I have provided administrative support. She is keen to serve her local community and her background would bring further welcome diversity to the Standards Committee. I therefore recommend to the Council that Ms Leigh Henderson be appointed to the Standards Committee in the capacity as an Independent Member for a period of four years from 27 September 2007. Should this recommendation be accepted, then a vacancy will arise on the Independent Remuneration Panel.
- 5.10 Jim Armstrong has a long career in public service and was also appointed by the Council to serve on the Independent Remuneration Panel. He too is keen to serve his local community by serving on the Standards Committee. I therefore recommend to the Council that Mr. Jim Armstrong be appointed to the Standards Committee in the capacity as an Independent Member (Reserve Member) for a period of four years from 27 September 2007. Should this recommendation be accepted, then a vacancy will arise on the Independent Remuneration Panel.

6. Recommendations

- 6.1 That the Council re-appoints Gill Stephenson to serve on the Standards Committee but in the capacity as an Independent Member for a four year period from 27 September 2007.
- 6.2 That the Council appoints Leigh Henderson to serve as an Independent Member on the Standards Committee for a four year period from 27 September 2007.
- 6.3 That the Council amends Article 9.2 (a) of the Constitution (Membership) so as to include a reserve Independent Member who only sits on the Standards Committee when one or more of the Independent Members is unable to attend a particular meeting for whatever reason.
- 6.4 That the Council, having agreed to so amend the Constitution, appoints to the said reserve position Mr. Jim Armstrong for a four year period from 27 September 2007.

7. Background Papers/ Documents referred to

- 7.1 Guidance on standards committees (May 2002) issued by the Standards Board for England

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DATE OF REPORT: 5 September 2007

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OPEN REPORT



Chester-le-Street
District Council

Report to: Council

Date of Meeting: 27 September 2007

Report from: Head of Legal & Democratic Services

Title of Report: Scheme of Members Allowances and Recommendations from the Independent Remuneration Panel

Agenda Item Number: **13**

1. Purpose and Summary

- 1.1 At its meeting on 22 March 2007 Council received a report on the Scheme of Members Allowances and recommendations from the Independent Remuneration Panel. Council decided to continue the existing scheme and requested that a future report be made to Council on travel and subsistence and telephone costs.
- 1.2 The purpose of this Report is to consider whether or not the Basic Allowance and Special Responsibility Allowance should be changed and to consider the other recommendations from the Independent Remuneration Panel.

2. Consultation

- 2.1 The Director of Resources and the Chief Executive have been consulted

3. Corporate Plan and Priorities

- 3.1 Members are pivotal to the delivery of the corporate plan and priorities and a proper members' allowances scheme enables them to discharge their duties.

4. Implications

4.1 Financial Implications and Value for Money Statement

- 4.1.1 The cost can be met from existing budgets.

4.2 Legal

4.2.1 The matter is governed by The Local Authorities (Members' Allowances) (England) Regulations 2003 SI No. 1021.

4.2.2 Under regulation 10(2) of those Regulations a scheme may be amended at any time but revocation can only take place from and including 1 April each year.

4.3 Personnel

There are minimal implications and can be met from existing staff resources.

4.4 Other Services

There are minimal implications

4.5 Diversity

There are no implications arising from this Report.

4.6 Risk

4.6.1 If the level of allowances is set too low, then this undermines the idea of increasing the pool of those wishing to be or to remain Members. If the level of allowances is too high, the public may find the cost unacceptable.

4.7 Crime and Disorder

There are no implications arising from this Report

4.8 Data Quality

Every care has been taken in the development of this Report to ensure that the information and data used in its preparation and the appendix attached is accurate, timely, consistent and comprehensive. The Council's Data Quality Policy has been complied with in producing this Report.

4.9 Other Implications

None

5. Background , Position Statement and Option Appraisal

- 5.1 The present Scheme of Members Allowances which was agreed to continue in March 2007 was reviewed by the Independent Remuneration Panel this year.
- 5.2 The 2007 Report of the Independent Remuneration Panel with its recommendations are set out in Appendix 1. Incorporated within the 2007 Report is also the present Scheme of Members Allowances which appears Appendix C to that Report.
- 5.3 Travel and Subsistence – The choice is status quo or change. A change has been put forward by the Independent Remuneration Panel which met with expressions of concern by a number of Members in March 2007. The recommendations of the Independent Remuneration Panel in respect of removing the right to claim travel and subsistence would result in the present unified scheme being abandoned with one system for officers and one for members. Furthermore, to include a set sum of money into a basic allowance to compensate for the withdrawal of the right to claim travel and subsistence within the District ('the broad brush approach') and so save such claims being made with the associated administrative costs would however be at the expense of simply reimbursement of actual travel and subsistence incurred (within the financial limits set of course). On balance members may wish to stay with the status quo and reject these particular recommendations of the Independent Remuneration Panel for the reasons stated.
- 5.4 Basic Allowance – The Basic Allowance has not increased since 2004. The choice is status quo or a change. The Independent Remuneration Panel has recommended a change in terms of an increase to £4347.14 per year with such figure includes all telephone costs. The Regulations make clear that the Basic Allowance is payable to all elected members to assist them in the costs incurred in respect of their incidental expenses in discharging their duties. The cost of communicating (including by phone) is one of those incidental expenses covered by the Basic Allowance.
- 5.5 The issue for Members is therefore the appropriate level of that Basic Allowance so as to cover, amongst other things, such telephone costs. Again some Members expressed concerns about being financially worse off.
- 5.6 The recommended level of the Basic Allowance made by the Independent Remuneration Panel may be felt to be adequate by Members (change option 1) or Members may feel that there is a need to increase the Basic Allowance beyond that recommended by the Independent Remuneration Panel in order to further the drive towards e-government which will deliver savings (e.g. postal costs, officer time etc.) (change option 2).

- 5.7 Should Members feel that the Basic Allowance should be higher to better reflect the costs of including telephone rental and calls, then it is suggested that the new Basic Allowance should comprise 'component A' covering all incidental expenses (except communication costs) of £4,347.14 per year (that figure recommended by the Independent Remuneration Panel and 'component B' covering a communications allowance including broadband with its facility to use the internet for free calls (so as to encourage keeping phone call costs down) of blanket rate of £408 per year. The total all inclusive Basic Allowance therefore would be **£4,755.14 per year**, being an increase of £649.54 on the current Basic Allowance. The total cost of Basic Allowances for all 34 District Councillors would be £161,674.80 per year (inclusive of all telephone costs). This is within budget (given vacancy savings). Appendix 2 sets out the options (though clearly other amounts could be chosen).
- 5.8 Special Responsibility Allowance – The types of positions attracting special responsibility allowances are recommended by the Independent Remuneration Panel to remain the same as that previously agreed by the Council as indeed is the method of calculating the Special Responsibility Allowance. (The existing method of calculating special responsibility allowance is to use the Basic Allowance figure and multiply it by 2.5 to calculate the Leader of the Council's Special Responsibility Allowance and then to use ratios of that Allowance to determine the Special Responsibility Allowances of other members). If Members decide to go for a Basic Allowance of £4,755.14 per year, then an option (option 1) would be to use only 'component A' as the figure to multiply by 2.5. This means that the Leader of the Council's Special Responsibility Allowance would be £4,3417 x 2.5 i.e. **£10,867.85** per year (current figure being £10,264.00). If the Basic Allowance figure of £4,755.14 was used for calculation purposes (option 2), then the Leader of the Council's Special Responsibility Allowance would be **£11,887.85 per year**.
- 5.9 Appendix 2 sets out the positions which attract Special Responsibility Allowances and the relative ratios together with option 1 and option 2. The total cost of option 1 is £41,297.84 and the total cost of option 2 is £45,173.84.
- 5.10 Backdating and Indexation – Backdating and Indexation of these allowances is not currently provided for in the existing Scheme of Members' Allowances. The introduction of something new would not be an amendment of something existing so would require introduction as from and including 1 April 2008 if Members were so minded to agree to a backdating and/or indexation provision. Members are reminded that a Scheme of Members Allowance can only be revoked with effect from the beginning of a year under regulation 10(3) and that by regulation 10(1) an authority is required before the beginning of each year to make a scheme for that year. Backdating could only apply with effect from the beginning of the year in which the amendment was made (i.e. from 1 April of any year) [regulation 10(6)] and indexation decision can only last for a period of up to four years before a further recommendation of the Independent Remuneration Panel would need to be obtained [regulation 10(5)].

5.11 Scheme of Members Allowances – The Independent Remuneration Panel recommended the adoption of a new Scheme of Members Allowances. If Members were to reject certain recommendations of the Independent Remuneration Panel, then it will be necessary to redraft that recommended Scheme of Members Allowance to reflect decisions made by Members and a future report put before Members.

6. Recommendations

6.1 That Members consider whether to amend the current Scheme so as to alter the Basic Allowance and if so to determine the amount for 2007/2008 and the date of implementation

6.2 That Members consider whether to amend the current Scheme so as to alter the Special Responsibility Allowance and if so to determine the amount for 2007/2008 and the date of implementation

6.3 That a new Scheme of Members Allowance be drafted by the Head of Legal and Democratic Services in the light decisions made by Members and for the draft to be submitted to a future meeting for consideration

7. Background Papers/ Documents referred to

7.1 ODPM Guidance on Regulation for Local Authority Allowance

7.2 The 2007 Report of the Independent Remuneration Panel

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DESIGNATION: Head of Legal and Democratic Services

DATE OF REPORT: 6 September 2007

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APPENDIX

BASIC ALLOWANCE PER YEAR

<u>No. of Members</u>	<u>Current BA Amount</u>	<u>IRP Recommendation</u>	<u>All inclusive e-government incentive BA</u>
34	£4105.60	£4347.14	£4755.14
Total:	£139,590.40	£147,802.80	£161,674.80

SPECIAL RESPONSIBILITY ALLOWANCES PER YEAR

<u>Position</u>	<u>Current SRA Amount</u>	<u>IRP Recommendation</u>	<u>SRA based on all inclusive e-government incentive BA (first figure with just component A and second figure using whole BA)</u>
Leader of the Council (1)	£10,264.00 (2.5 BA)	£10,867.85	£10,867.85 £11,887.85
Deputy Leader (1)	£5,132.00 (1.25 BA)	£5,433.93	£5,433.93 £5,943.93
Minority Group Leaders (2)	£2,052.80 (0.5 BA)	£2,173.57	£2,173.57 £2,377.57
Executive Members* (4)	£2,052.80 (0.5 BA)	£2,173.57	£2,173.57 £2,377.57
Chairs of Overview and Scrutiny Panels (3)	£2,052.80 (0.5 BA)	£2,173.57	£2,173.57 £2,377.57
Chair of Planning (1)	£3,079.00 (0.75 BA)	£3,260.36	£3,260.36 £3,566.36
Chair of Licensing Committees (1)	£2,052.80 (0.5 BA)	£2,173.57	£2,173.57 £2,377.57
Total:	£38999.20	£41297.84	£45,173.84

* No Member gets more than one Special Responsibility Allowance

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Chester-le-Street
District Council

Report to: Council

Date of Meeting: 27 September 2007

Report from: Head of Legal and Democratic Services

Title of Report: Allocation of Functions and Responsibilities to Council and consequential delegation of Council powers under the Smokefree Legislation to Officers

Agenda Item Number: **14**

1. PURPOSE AND SUMMARY

- 1.1 The purpose of this Report is to draw the attention of Members to a statutory instrument which comes into effect on 2 October 2007 which makes it a Council function to deal with smokeless legislation enforcement rather than a function of the Executive of a Council and to introduce the necessary consequential changes in the Council's Constitution.
- 1.2.1 The Council is therefore recommended to agree the changes set out in the statutory instrument as regards smokeless legislation to be incorporated into the Constitution and to confirm that the Scheme of Delegation in the Constitution includes delegation of the Council's powers in respect of smokefree matters to the Director of Development Services and the Head of Planning and Environmental Health.

2. CONSULTATION

- 2.1 The Council was not consulted on The Local Authorities (Functions and Responsibilities)(England) (Amendment no.4) Regulations 2007 which were made on 5 September 2007, laid before Parliament on 11 September 2007 and which come into force on 2 October 2007.

3. CORPORATE PLAN AND PRIORITIES

3.1 This report supports priority 2 working in partnership to deliver the community strategy

4. IMPLICATIONS

4.1 Financial implications and value for money statement

4.1.1 It is anticipated that enforcement can be met within the existing budget.

4.2 Legal

4.2.1 The Health Act 2006 and associated provisions provide for the prohibition of smoking in certain premises, places and vehicles.

4.2.2 These provisions require enforcement.

4.2.3 The Local Authorities (Functions and Responsibilities) (England) (Amendment No.4) Regulations 2007 comes into force on 2 October 2007 and amends the licensing and registration functions list of matters which are not to be the responsibility of an authority's executive as regards functions relating to smoke free legislation.

4.3 Personnel

4.3.1 It is anticipated that staffing levels can be met from existing resources.

4.4 Other Services

4.4.1 Additional work may occur for Planning Services in respect of further applications for shelters (though such applications will attract additional fee income).

4.5 Diversity

4.5.1 Cultural issues do have some bearing on those who smoke and those who are affected from the harmful effects of smoking

4.6 Risk

4.6.1 The Council is committed to improving the health of people and enforcement of the smokefree legislation is part of this clear and longstanding commitment.

4.7 Crime and Disorder

4.7.1 In order to prevent or reduce crime and disorder, the Council needs a Constitution which is responsive to the needs of the Community.

4.8 Data Quality

4.8.1 Every care has been taken in the development of this Report to ensure that the information and data used in its preparation and the appendix attached is accurate, timely, consistent and comprehensive. The Council's Data Quality Policy has been complied with in producing this Report.

4.9 Other Implications

4.9.1 None

5. BACKGROUND, POSITION STATEMENT AND OPTION APPRAISAL

5.1 The Health Act 2006 and associated provisions banned smoking in certain premises, places and vehicles as from 6 a.m. on Sunday 1 July 2007.

5.2 The main provisions require virtually all enclosed or substantially enclosed places to which members of the public have access in the course of their daily work, business and leisure to be covered by smokefree legislation, including pubs, cafes, nightclubs, offices, work vehicles and common parts of housing and factories.

5.3 Premises (and vehicles) where the smoke-free prohibition applies will be required to display in a prominent place prescribed signage at the entrance to the premises (or area of premises).

5.4. The smokefree provision in the Health Act relates to the smoking of tobacco and the smoking of any other substance, including the use of pipes and cigars. The provision has also been extended to cover water pipes used for smoking.

5.5 The Department of Health has published regulations covering the definition of 'enclosed' and 'substantially enclosed' premises; enforcement authorities and signage.

5.6 It should be noted that the legislation does not apply to open space and therefore would not apply to parks and other open spaces. However, the prohibition would apply to buildings within them.

5.7 The Department of Health sees this legislation as the most important legislation with regard to public health since seat belts were made compulsory in the 1970s.

5.8 Smoking is now the most significant contributory factor to the differences in life expectancy between social classes as men and women from deprived socio-economic groups are more likely to smoke. National smoking prevalence rates are 26%.

- 5.9 Children and non-smokers in particular are vulnerable from second-hand smoke (passive smoking). It is widely acknowledged that progress to end health inequalities, and increase the life expectancy of poorer and more vulnerable people in our communities, depends on action to cut the number of smokers and reduce the harm smoking causes to others.
- 5.10 The Council in its role as an enforcing authority needs to have in place proper arrangements for delegation in respect of smokefree legislation including enforcement and authorizations.
- 5.11 I therefore suggest an amendment to Part 3A of the Council's Constitution to insert the new 'FA. Functions relating to smoke-free premises' as introduced by the statutory instrument and to delegate those Council powers to the Director of Development Services and also to the Head of Planning and Environmental Health with consequential amendments to Part 7 of the Council's Constitution to add 'smokefree matters including enforcement' on page 3 under the heading of the Director of Development Services' in the Functions column opposite the Environmental Health entry to be placed immediately after and beneath the entry relating to private sector renewal. If this addition is agreed, then the existing Part 3H will operate to permit the Director of Development Services and/or the Head of Planning and Environmental Health to make any necessary authorizations.

6. RECOMMENDATIONS

- 6.1 That the Council is recommended to agree the changes set out in paragraph 5.11 to this Report and that those changes be incorporated into the Council's Constitution with effect from and including 2 October 2007.

7. BACKGROUND PAPERS / DOCUMENTS REFERRED TO

- 7.1 None

AUTHOR NAME	Christopher Potter
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DATE OF REPORT	13 September 2007
VERSION NUMBER	1

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Chester-le-Street District Council

Report to:	Council
Date of Meeting:	27 September 2007
Report from:	Joint Report of the Director of Resources and Head of Legal and Democratic Services
Title of Report:	The North East Assembly and the Association of North East Councils: Pensions Provisions
Agenda Item Number:	15

1. PURPOSE AND SUMMARY

The report seeks the Council's agreement to be party guarantor to the North East Assembly and the Association of North East Councils to enable them to be admitted as members of the Tyne and Wear Local Government Pension Scheme.

2. CONSULTATION

Corporate Management Team has been consulted on the report. Consultation has also taken place with the Durham County Chief Financial Officers Association.

3. CORPORATE PLANS AND PRIORITIES

The report does not directly support any of the Corporate Plan priorities.

4. IMPLICATIONS

4.1 Financial Implications and Value for Money Statement

There are no immediate financial implications. In the unlikely event of the Association winding up and all pensions becoming due, the cost to the Council would be £5,434.13 at the present time. If the overall deficit was to increase, then this authority's liability would increase proportionately, however, potential future effects cannot be determined.

4.2 Legal

The Council has the legal powers required to take this action as provided under s2 of the Local Government Act 2000.

4.3 Personnel

There are no personnel implications.

4.4 Other Services

There are no implications for other services.

4.5 Diversity

There are no equalities and diversity implications.

4.6 Risk

The risk is not within the control of this Council. As guarantor, however, the Council would be entitled to actuarial updates on the pension fund and the position would be monitored through triennial reviews undertaken by the pension fund actuary.

4.7 Crime and Disorder

There are no Crime and Disorder implications.

4.8 Data Quality

Every care has been taken in the development of this report to ensure that the information and data used in its preparation are accurate, timely, consistent and comprehensive. The Council's Data Quality Policy has been complied with in producing this report.

4.9 Other Implications

There are no other implications arising from the contents of this report.

5. BACKGROUND, POSITION STATEMENT AND OPTIONS APPRAISAL

5.1 Correspondence has been received from the Association of North East Councils and the North East Assembly. The Association and the Assembly have agreed last year to become separate organisations, with the support of all Authorities within the region.

5.2 One of the key issues to be determined is in relation to the position of staff pensions. Previously, the Association was responsible for the employment contracts of staff in both organisations and the Assembly needs to be able to enter into employment contracts with its own existing staff and future employees as a new separate organisation.

- 5.3 Currently all staff at both organisations are members of the Tyne and Wear Local Government Pension Scheme. Both the Assembly and the Association are seeking admission to the fund. Discussions with the pension fund administrators have concluded that there is no problem with the arrangements provided that both organisations have a guarantor.
- 5.4 South Tyneside Council was the guarantor of the pensions fund under the joint arrangements and has said that it is willing to continue to be a guarantor but has asked that the role be shared by all member authorities.
- 5.5 All authorities within the region have either already agreed to act as guarantors or are in the process of doing so.

All authorities have made, or are making this commitment, provided that all local authorities do likewise.

- 5.6 In agreeing to the proposal to act as guarantor it is not anticipated that any immediate or expected financial costs will be imposed on the authorities. Instead, authorities are being asked to provide a guarantee of pensions in the unlikely event that either organisation was to be wound up without the financial resources to meet pension liabilities.

6. RECOMMENDATIONS

- 6.1 It is recommended that the Council act as guarantor of the fund under the joint arrangement with the other local authority members of the North East Assembly and Association of North East Councils, provided that all other local authority members of the North East Assembly and the Association of North East Councils participate as guarantors.

Background Papers:-

Correspondence with South Tyneside Council
Correspondence with other local authorities in the region

AUTHOR NAME
DESIGNATION
DATE OF REPORT
VERSION NUMBER

Linda Chambers
Director of Resources
25 October 2007
1.0

CONTACT

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Chester-le-Street
District Council

Report to: Council

Date of Meeting: 27 September 2007
Report from: Head of Organisational Development

Title of Report: Holiday Arrangements – Christmas and New Year

Agenda Item Number: **16**

1. PURPOSE AND SUMMARY

- 1.1 The purpose of this report is for Members to approve arrangements for the Christmas and New Year period 2007/2008.

2. CONSULTATION

- 2.1 The Authority does not have any specific policy on Christmas and New Year holiday arrangements. Traditionally the two extra statutory days available to employees have been allocated between Christmas and New Year following employee consultation a number of years ago.

3. CORPORATE PLAN AND PRIORITIES

- 3.1 The links to the Council's Corporate Plan are in respect of customer excellence in that where services are of a nature that they are required to continue during the Christmas period, arrangements will be made to accommodate this.

4. IMPLICATIONS

4.1 Financial Implications and Value for Money Statement

There are no financial implications arising from this report

4.2 Legal

There are no legal implications arising from this report.

4.3 Personnel

Employees in service areas who are required to work during the “close down” period, during the Christmas and New Year break, are entitled to leave at a later date in lieu of the extra statutory holiday(s) subject to local management approval.

4.4 Other Services

To be determined.

4.5 Diversity

The Council recognises that there are diversity implications in relation to religion, as not all employees will celebrate the Christmas religious festival. The Council will if possible honour other religious festivals and where there are employees who wish to take their extra statutory holidays at an alternative time of the year, alternative provisions will be made wherever possible.

4.6 Risk

The risks associated with not approving this report are that the Council could be deemed to be breaching employee’s contracts of employments, as it is an implied term for a large proportion of employees that they are entitled to take their two extra statutory holidays between Christmas and New Year.

4.7 Crime and Disorder

There are no known implications for Crime and Disorder.

4.8 Data Quality

Every care has been taken in the development of this report to ensure that the information and data used in its preparation and the appendices attached are accurate, timely, consistent and comprehensive. The council’s Data Quality Policy has been complied with in producing this report.

4.9 Other Implications

There are no other known implications as a result of this report

5. BACKGROUND, POSITION STATEMENT AND OPTION APPRAISAL

5.1 In previous years Members have agreed holiday arrangements between Christmas and New Year. This report outlines the proposals for this current year. Generally the result is to close down most Council services between Christmas and New Year using extra statutory holidays and awarding a concessionary day.

5.2 Public Holidays are fixed as follows:

Tuesday 25 December 2007	Christmas Day
Wednesday 26 December 2007	Boxing Day
Tuesday 1 January 2008	New Year's Day

5.3 Employees have an entitlement to two extra statutory days leave which traditionally have been allocated to working days between 27 December and 1 January to extend the holiday period for employees.

5.4 Members have often agreed one concessionary day to help achieve a complete close down of administrative centres.

5.5 Many direct services continue to operate during the period e.g. Careline, refuse collection, Leisure Centre, Golf Course etc. The employees who are required to attend work are able to take additional leave at a later date.

5.6 Detailed below are the proposed Christmas and New Year holiday arrangements for 2007/2008.

Monday 24 December 2007	Normal Working Day
Tuesday 25 December 2007	Christmas Day
Wednesday 26 December 2007	Boxing Day
Thursday 27 December 2007	Extra Statutory Day
Friday 28 December 2007	Extra Statutory Day
Monday 31 December 2007	Concessionary Day
Tuesday 1 January 2008	New Year's Day
Wednesday 2 January 2008	Official return to work day

6. RECOMMENDATIONS

6.1 Members are asked to

- Approve the Christmas Holidays
- Agree that employees who are required to work on extra statutory holidays will be given time in lieu to be taken at a later date in consultation with the appropriate Service Team Manager

7. BACKGROUND PAPERS / DOCUMENTS REFERRED TO

- 7.1 Christmas and New Year Holiday File
Human Resources

Alison Swinney
Head of Organisational and Development
20 August 2007
VERS 1.0

Alison Swinney Tel 0191 3872012 e mail alisonswinney@chester-le-street.gov.uk



Chester-le-Street
District Council

Report to:	Council
Date of Meeting:	27 September 2007
Report from:	Performance & Improvement Manager
Title of Report:	European Charter for Equality of Women and Men in Local Life
Agenda Item Number:	17

1. PURPOSE AND SUMMARY

- 1.1 This report sets out the background, purpose, and plan of action for the adoption of the European Charter for Equality of Women and Men in Local Life. This Charter encourages local and regional governments of Europe to ensure that the fundamental right to gender equality, an 'essential value for every democracy', is met.
- 1.2 The adoption of this Charter will help the council to meet its statutory obligation in relation to meeting the Gender Equality Duty, as set out in its Equality Scheme which was approved by Council in March 2007.
- 1.3 A draft European Charter Statement and Action Plan is attached as Appendix 1.
- 1.4 Council are recommended to approve the adoption of the attached draft Charter.
- 1.5 A public launch of the adoption is planned to take place during Local Democracy Week. MEP Stephen Hughes has agreed to attend the launch ceremony, which is to be held at the Riverside Pavillion on Monday 15 October 2007.

2. CONSULTATION

- 2.1 The action plan to address the Gender Equality Duty, which is now incorporated into the council's all-strand Equality Scheme, was approved by Council in March 2007. Members were invited to make comments at that time.
- 2.2 A report was presented to Council in May 2007, which provided background and information about the European Charter for Equality of Women and Men in Local

Life. Members' comments were invited in the preparation of this final report and Charter Statement.

- 2.3 Officers' comments and contributions have been actively sought during this period also.

3. CORPORATE PLAN AND PRIORITIES

- 3.1 This project, and ultimately the Charter itself, supports Corporate Priority 1 – Customer Excellence.

- 3.2 The council's approved Equality Policy is clear in its commitment towards fair and equitable treatment for both employees and the community on the grounds of gender. No further policy implications apply immediately, however ultimately where gaps are identified in current service provision, there may be a need for policy change.

4. IMPLICATIONS

4.1 Financial

There are no financial implications arising from this report. All actions have been taken, or will need to be taken, within existing budgets.

4.2 Legal

This project supports the council's objectives in meeting the statutory Gender Equality Duty 2007.

4.3 Personnel

The Council has a duty to ensure fair and equitable employment practice in terms of gender. How this will be achieved is set out in the approved Corporate Equality Plan 2007 v2.1.

4.4 Other Services

All services will need to ensure that the requirements of the Charter are considered as part of their annual Diversity Impact Assessment review.

4.5 Diversity

This project supports the council's firm commitment to the principles of equality and diversity as set out in the Corporate Equality Plan, and in particular relation to gender equality and multiple discrimination.

4.6 Risk

The project and its progress will be monitored through the Equality and Diversity Working Group, thereby ensuring that all identified actions are addressed fully and within agreed time frames.

4.7 Crime and Disorder

There are no specific implications of the report on Crime and Disorder.

4.8 Data Quality

There are no data quality issues arising from this report.

4.9 Other implications

Information on the Charter will be made available on the Council's website, which provides read-speak facilities as well as the opportunity to request the information in different languages. Hard copies in various formats, or audio tape, will be made available on request.

5 **BACKGROUND, STATEMENT AND OPTION APPRAISAL**

5.1 A new statutory duty for local authorities on gender equality came into force in April 2007. To address this duty, local authorities were required to have a Gender Equality Scheme.

5.2 An gender equality action plan was approved by Council in March, and it was then incorporated into the Council's all-strand Equality Scheme.

5.3 One of the agreed objectives within the gender equality action plan was:

'The council adopts the European Charter for Equality of women and men in local life'.

5.4 In signing up to the European Charter, the council will ensure that:

a) a clear message is sent to employees, Members, our communities and stakeholders – locally, regionally, nationally and indeed in the wider European community – that the District Council is firmly committed to ensuring that both women and men have equality of opportunity in terms of employment, democratic representation and as service users; and

b) we identify where there are gaps in our current policies, procedures, and service provision relating to gender equality, and identifying the means by which these gaps may be rectified.

- 5.5 Council received a report in May 2007 setting out the proposals for the drafting of a Charter statement and action plan. Comments were invited from Members during the drafting stage.
- 5.6 A European Charter for Equality of Women and Men in Local Life Statement and Action Plan has now been drafted, and is attached as Appendix 1.
- 5.7 A public launch of the adoption is planned to take place during Local Democracy Week. MEP Stephen Hughes has agreed to attend the launch ceremony, which is to be held at the Riverside Pavillion on Monday 15 October 2007.
- 5.8 Once approved by Council, the Charter Statement and Action Plan will be posted on the Council's website.

6 MONITORING

- 6.1 Implementation of this project and subsequent action plan will be monitored by the Equality and Diversity Working Group. Progress will be reported to Executive, as part of the quarterly performance management report.
- 6.2 Progress on the implementation of the Charter will be reported in the Equality and Diversity Annual Report (which is integral to the council's Corporate Plan).

7 RECOMMENDATIONS

- 7.1 It is recommended that Council approves formal adoption of the attached draft European Charter for Women and Men in Local Life.

8 BACKGROUND PAPERS

- 8.1 Corporate Equality Plan 2007 v 2.1 (incorporating the Equality Scheme)

Julie Underwood
Performance and Improvement Manager
14 September 2007

Version 1.0

Julie Underwood Tel 0191 3872220, e-mail julieunderwood@chester-le-street.gov.uk



Chester-le-Street
District Council

Adoption of the European Charter for Equality of Women and Men in Local Life

CHARTER STATEMENT

Our Commitment

Chester-le-Street District Council is committed to ensuring that all citizens in the District, its staff and all those associated with the Council receive fair and appropriate services and treatment, irrespective of their nationality, ethnicity, race, sex, marital status, disability, religion or belief, sexual orientation, age or other social factor.

Our Equalities **Vision Statement**, as set out in the Council's Equality Policy is:

The Council will integrate diversity and equality best practice into its services. This will ensure equality of service delivery to all members of the community, an inclusive, discrimination-free work environment and compliance with all aspects of equalities law and governmental strategies.

As an employer, a provider of services and in its democratic representation and processes, Chester-le-Street District Council positively embraces its social and legal responsibilities regarding equality and diversity. The Council also recognises the inherent benefits to stakeholders and the wider community of moving beyond the fundamentals of equality to actively encouraging diversity and fairness.

The adoption of this Charter, which is a key action contained within our Equality Scheme Action Plan, is a clear demonstration of the Council's continuing commitment to ensure gender equality in all aspects of its functions.

Equality Practice

Chester-le-Street District Council has set out how it does and will address equality in its Corporate Equality Plan 2007. The Plan also incorporates an Equality Policy, an overarching all-strand Equality Scheme, and an action plan that details how we will meet the requirements of both the Equality Standard for Local Government and our own Equality

Version: Draft 1

Scheme. The action plan is monitored by our Equality & Diversity Working Group, which includes officers, the Leader of the Council and representatives of minority groups within the community.

Charter Action Plan

The European Charter for Equality of Women and Men in Local Life is structured as:

	Section	Sub Section
Article 1	1. Democratic accountability	
Article 2	2. The political role	Political representation
Article 3		Participation in political and civic life
Article 4		The public commitment for equality
Article 5		Working with partners to promote equality
Article 6		Countering stereotypes
Article 7		Good administration and consultation
Article 8	3. General framework for equality	General commitment
Article 9		Gender assessment
Article 10		Multiple discrimination or disadvantage
Article 11	4. The employer role	
Article 12	5. Public procurement and contracts	
Article 13	6. The service delivery role	Education and lifelong learning
Article 14		Health
Article 15		Social care and services
Article 16		Childcare
Article 17		Care of other dependents
Article 18		Social inclusion
Article 19		Housing
Article 20		Culture, sport and recreation
Article 21		Safety and security
Article 22		Gender based violence
Article 23		Human trafficking
Article 24	7. Planning and sustainable development	Sustainable development
Article 25		Urban and local planning
Article 26		Mobility and transport
Article 27		Economic development
Article 28		Environment
Article 29	8. The regulator role	Local Government as a regulator
Article 30	9. Twinning and international co-operation	

Many of the requirements contained within the 30 Articles are already inherent in both the council's Corporate Equality Plan, and in our policies, procedures and practice. However, we recognise that there are additional things that we could do that would enhance our commitment to gender equality.

The attached Charter Action Plan seeks to address any gaps in current provision and has been informed by an initial gap analysis. The action plan is set out under the 9 main section headings of the Charter Structure above.

Version: Draft 1

Also, in developing the Charter Action Plan, we have sought to embed the six principles set out in the Charter document:

1. Equality of women and men constitutes a fundamental right
2. To ensure the equality of women and men, multiple discrimination and disadvantage must be addressed
3. The balanced participation of women and men in decision making is a pre-requisite of a democratic society
4. The elimination of gender stereotypes is fundamental to achieving equality of women and men
5. Integrating the gender perspective into all activities of local and regional government is necessary to advance equality of women and men
6. Properly resourced action plans and programmes are necessary tools to advance equality of women and men.

Progress of the Charter Action Plan will be monitored quarterly by the Equality and Diversity Working Group.

Adoption of the Charter

Adoption of the European Charter for Equality of Women and Men in Local Life was formally approved by Council in September 2007.

On behalf of the Council, Cllr Linda Ebbatson in her roles of Leader of the Council and Equalities Champion, has signed the formal document below which constitutes a formal agreement to meet the requirements of the Charter.

A copy of the signed agreement has been forwarded to the Council of European Municipalities and Regions, as is required.

THE EUROPEAN CHARTER FOR EQUALITY OF WOMEN AND MEN IN LOCAL LIFE

A Charter for Europe's local and regional governments to commit themselves to use their powers and partnerships to achieve greater for their people

I the under-signed (name of signatory)
holding the office of
in (name of local / regional government)

by this my signature confirm that the above-mentioned authority has formally agreed to adhere to the European Charter for Equality of Women and Men in Local Life, and to comply with its provisions, and that I am duly authorized to act on its behalf in this matter.

Signed

Dated

I agree to send a signed and completed copy of this form to the Council of European Municipalities and Regions, as promoter of the Charter, at the following address :



The Secretary-General
Council of European Municipalities and
Regions
15 rue de Richelieu
F-75001 Paris - France

**EUROPEAN CHARTER FOR EQUALITY OF WOMEN & MEN IN LOCAL LIFE
Charter Action Plan**

Charter section	Actions	By when	Responsibility	Success measure
1 Democratic accountability	Review Community Engagement Strategy with a view to: a) investigating / establishing community networks b) take action to encourage people (especially women) to become involved in the democratic process	September 2008	L Ebbatson I Forster	Report of the review, including recommendations for actions.
2 Political role	Investigate the barriers to more active involvement of women councillors at Chester-le-Street District Council, and make recommendations for change	June 2008	L Ebbatson	Women councillors are able to participate more fully in political activities within the council
	Engage with the Society of Women in Local Government to provide opportunities for networking and publicity, and to gain an understanding of women's roles in differing cultures	June 2008	L Ebbatson	Opportunities for networking and publicity are maximized. Women from different cultures are encouraged to take up political roles.
	Investigate the possibility of establishing a youth parliament or council, and make recommendations	June 2008	C Turnbull N Cummings	A decision can be made regarding the viability of such a parliament or council
3 General framework for equality	Undertake Diversity Impact Assessments of policies and procedures for each service and corporately, including employment/human resources policies	December annually	Service Team Managers Head of OD / HR Manager	Any and all discrimination is eliminated from policies and procedures
	Launch adoption of the Charter as part of Local Democracy Week, supported by MEP Stephen Hughes	15 October 2007	J Underwood L Ebbatson	Issues of gender discrimination and stereotypes will be brought to public attention, and the public will be made aware of the council's commitment to gender equality
	Publicise launch of Charter Adoption in District News and on council website	December 2007	J Underwood H Geertsema	Gain understanding of migrant worker population within the district and their specific needs, and in particular gender-related issues. Understanding and knowledge is applied to ensure improvements in service provision
	Take part in the Durham Equality & Diversity Partnership event, tackling issues around East European Migrant Workers	October 2007	J Underwood Other key members of staff	

Charter section	Actions	By when	Responsibility	Success measure
4 Employer role	<p>Deliver training on gender equality, as part of the council's training and development plan</p> <p>Establish systems for monitoring complaints and grievances relating to gender equality</p> <p>Undertake annual review of relevant personnel policies relating to gender equality</p> <p>Implement BVPI action plans established to address issues in relation to gender equality and opportunities for women</p> <p>Fully introduce Home Working policy across the council</p>	<p>April 2008</p> <p>June 2008</p> <p>As per annual review date</p> <p>As per BVPI action plan timetable</p> <p>December 2007</p> <p>December 2007</p>	<p>Head of OD / HR Manager</p> <p>Head of OD / HR Manager</p> <p>Head of OD / HR Manager</p> <p>Head of OD / HR Manager</p> <p>Head of OD / HR Manager</p> <p>Head of OD / HR Manager</p>	<p>All staff have an understanding of issues around gender equality and discrimination</p> <p>Data and feedback is used to improve gender equality of employees</p> <p>Robust personnel policies are in place to prevent discrimination on the grounds of gender</p> <p>Improved BVPI performance</p> <p>Flexibility of working arrangements is in place that will support employees with family / caring commitments</p> <p>More family friendly personnel policies are in place to support the varying needs of individual employees</p>
5 Public procurements and contracts	<p>Work in partnership regionally to develop Harmonisation of Local Government Contract Documentation (Goods and Services) in terms of good equality practice</p>	<p>March 2008</p>	<p>J Underwood D Wright</p>	<p>Procurement practice of public sector bodies regionally is equitable, fair and consistent. Contracts have clear standards and contractors are monitored.</p>
6 Service delivery role	<p>Develop and deliver low level sanctuary scheme for victims of domestic abuse</p>	<p>March 2008</p>	<p>L Fisher</p>	<p>Sanctuary scheme is available, allowing victims of domestic abuse to remain safely in their own homes</p>
7 Planning and sustainable development				
8 Regulator role				
9 Twinning and international co-operation	<p>No actions are currently planned, as the Council holds excellent twinning arrangements with Kamp-Lintfort in Germany. Further opportunities may be sought in the future, depending on the outcomes of Local Government Review</p>			



Chester-le-Street
District Council

Report to:

Council

Date of Meeting:

27 September 2007

Report from:

Joint report of the Director of Development Services and the Head of Legal and Democratic Services

Title of Report:

Park View Trust Agreement

Agenda Item Number:

18

1. PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to advise members of the Charities Commission and the County Councils proposals to rescind the 1981 Trust Deed Agreement for Park View Community School and have it replaced by a new Constitution, transfer of Control document and funding agreement.
- 1.2 The 1981 Trust Deed Agreement set out a management structure for the Park View facility consisting of a Joint Shared Use Liaison Committee and a Community Association Committee both with district council representation and allowed for the LEA and the district council to have free access to the shared use facility.
- 1.3 Following a review of the facility by the Charities Commission in 2005 it was found that management arrangements had been changed and were not being implemented in accordance with the Trust Deed.
- 1.4 The Charities Commission has since required that the management arrangements be regularized in accordance with the original Trust Deed.
- 1.5 Following discussions by Durham County Council with Park View Community School and Park View Community Association, it is proposed that:-
 - (1) The 1981 Trust Deed is to be brought to an end;
 - (2) Park View Community Association enter into a new trust deed based on its constitution and charitable status;
 - (3) Park View Community School Governors, the Park View Community Association and Durham County Council enter into a Transfer of Control Agreement to document Park View Community Association's use of Park View Community School.

1.6 It is recommended that Provided the representation rights of the district councils and the free access to the shared facilities are retained Members give their support to the proposal for;

(1) The 1981 Trust Deed to be brought to an end;

(2) Park View Community Association to enter into a new trust deed based on its constitution and charitable status;

(3) Park View Community School Governors, the Park View Community Association and Durham County Council enter into a Transfer of Control Agreement to document Park View Community Association's use of Park View Community School.

2. CONSULTATION

2.1 In compiling this report consultation has taken place with the Acting Head of Leisure Services, the Director of Resources and the Head of Legal and Democratic Services

3. CORPORATE PLAN AND PRIORITIES

3.1 This report supports priority 2 working in partnership to deliver the community strategy

4. IMPLICATIONS

4.1 Financial

4.1.1 The District Council's contribution to the scheme amounted to £421,792.85 and was paid in 1979/80 – though some elements may have been in the years immediately before and after that year.

4.1.2 The Trust agreement provides that the Joint Use Liaison Committee and the Community Association Committee shall make no charge to the LEA, the Community Association or the District Council for the use of the shared facilities.

4.2 Legal

4.2.1 Control over the premises is exercised through the instrument of a trust document which is enforceable by the parties to that document. Trustees have a duty to act in the best interests of the trust having regard to the declared objects of that trust.

4.2.2 In the light of this councillors who have been appointed as council representatives in respect of the trust will have interests which conflict with the Council because councillors have to serve the best interests of the general public. Personal and prejudicial interests therefore arise to be declared by councillors who are connected with Park View. In addition, the concept of bias

(actual or perceived) would remove such councilors from deciding whether the Council's interests lie with approving the terms of the new trust control agreement or not.

4.3 Other Services

Staff of the councils Leisure Services Department currently uses the facilities at Park View Community School to host a range of leisure based activities for local residents.

4.4 Diversity

The use of the shared facilities at the Park View Community School under the terms of the agreement is for the purposes of providing educational, recreational and social pursuits for the residents of Chester-le-Streets.

4.6 Risk

The failure to address the mismatch as to de jure and de facto governance arrangements creates a risk of adverse intervention by the Charities Commission and also puts Park View Community School at risk of losing out on funding opportunities due to the confusion over those arrangements which were highlighted by a report from the Charities Commission.

4.7 Data Quality

Every care has been taken in the development of this Report to ensure that the information and data used in its preparation is accurate, timely, consistent and comprehensive. The Council's Data Quality Policy has been complied with in producing this Report.

5. BACKGROUND

5.1 On 5 March 1981 an agreement (the Trust Deed) was made between Durham County Council (the Local Education Authority) and Chester-le-Street District Council regarding the use of Park View Community School.

5.2 The Local Education Authority holds the shared facilities (i.e. the premises, furniture, fixed equipment etc.) on trust to permit the facilities to be used for the purpose of providing educational recreational and social facilities for the residents of Chester-le-Street and the neighbouring areas. Chester-le-Street District Council contributed a total of £421,792 to the scheme. No security was taken in respect of this financial contribution.

5.3 The Trust Deed laid out a governance structure (management structure) of a Joint Shared Use Liaison Committee and a Community Association Committee.

5.4 Membership of the Joint Shared Use Liaison Committee included four nominated councilors from Chester-le-Street District Council and membership of the Community Association Committee included three nominated councilors from Chester-le-Street district Council.

- 5.5 The Trust agreement provided that the Joint Use Liaison Committee and the Community Association Committee would make no charge to the LEA, the Community Association Committee or the District Council for the use of the shared facilities
- 5.6 In the early eighties a separate body known as the Park View Community Association was established and assumed the role of trustee from the Community Association Committee. This meant that the governance structure was not being implemented as initially envisaged.
- 5.7 In 2005 the Charity Commission conducted a review visit to Park View Community School and produced a report which 'expressed a number of concerns, most importantly that whilst the Association is independent in practice this independence is not supported by the existing legal documentation nor does it have any security as to usage of the school premises'.
- 5.8 As a result of its visit the Charity Commission requires the Park View Community Association to take steps to establish its autonomy and obtain an interest in those parts of the School used by Park View Community Association

6. PROPOSED WAY FORWARD

- 6.1 Following discussions by Durham County Council with Park View Community School and Park View Community Association, the proposed solution is:-
- (4) The 1981 Trust Deed is to be brought to an end;
- (5) Park View Community Association enter into a new trust deed based on its constitution and charitable status;
- (6) Park View Community School Governors, the Park View Community Association and Durham County Council enter into a Transfer of Control Agreement to document Park View Community Association's use of Park View Community School.
- 6.2 The County Council is asking Chester-le-Street District Council to consider the proposals and indicate its view.

7. RECOMMENDATIONS

- 7.1 Provided that the representation rights of the district council and the free access to the shared facilities are retained Members give their support to the proposal for;
- (1) The 1981 Trust Deed to be brought to an end;

(4) Park View Community Association to enter into a new trust deed based on its constitution and charitable status;

(5) Park View Community School Governors, the Park View Community Association and Durham County Council enter into a Transfer of Control Agreement to document Park View Community Association's use of Park View Community School.

8. BACKGROUND PAPERS / DOCUMENTS REFERRED TO

8.1 Letters from Durham County Council

AUTHOR NAME	Tony Galloway/Chris Potter
DESIGNATION	Director of Development Services & Head of Legal and Democratic Services
DATE OF REPORT	12 September 2007
VERSION NUMBER	2
AUTHOR CONTACT	TonyGalloway@chester-le-street.gov.uk Tel: 0191 387 2100
	Chrispotter@chester-le-street.gov.uk Tel: 0191 387 2011

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Report to: Council

Date of Meeting: 27 September 2007

Report from: Accountancy Manager

Title of Report: Treasury Management 2006/2007

Agenda Item Number: **19**

1. PURPOSE AND SUMMARY

- 1.1 The annual treasury report is a requirement of the Council's reporting procedures and covers the treasury activity for 2006/07. The report also covers the actual Prudential Indicators for 2006/07 in accordance with the requirements of the Prudential Code.
- 1.2 The report meets the requirement of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes through regulations issued under the Local Government Act 2003
- 1.3 During 2006/07 the Council complied with its legislative and regulatory requirements. The actual prudential indicators for the year, with comparators, are as follows:

Actual Prudential Indicators	2005/06	2006/07
Actual Capital Expenditure	£9.154m	£11.467m
Capital Financing Requirement		
Non-HRA	-£0.45m	£6.38m
HRA	£15.56m	£13.58m
Total	£15.11m	£19.96m
Financing Costs as a proportion of net revenue stream	6.09%	5.03%

- 1.4 The Director of Resources also confirms that borrowing was only undertaken for a capital purpose and the Statutory borrowing limit, the Authorised Limit, was not breached.
- 1.5 At 31 March 2007, the Council's external debt was £18.77m (£17.63m at 31 March 2006) and its investments totalled £6.39m (£8.08m)

1.6 This report summarises:

- the capital activity for the year,
- how this activity was financed
- the impact on the Council's indebtedness for capital purposes,
- the Council's overall treasury position
- the reporting of the required prudential indicators
- a summary of interest rate movements in the year
- debt and investment activity

2. CONSULTATION

2.1 The Director of Resources has been consulted on the report.

3. CORPORATE PLAN AND PRIORITIES

3.1 The report is wholly concerned with the authority's treasury management activities, which impact on the resources available to the Council to achieve its corporate priorities.

4. IMPLICATIONS

4.1 Financial Implications and Value for Money Statement

Treasury Management is an important part of the overall financial management of the Council; the 2006/07 interest from investments resulted in income of £344,044 for the General Fund and £50,572 for the Housing Revenue Account.

4.2 Legal

The Local Government Act of 2003 provides the powers to borrow and invest as well as providing controls and limits on these activities. Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act. The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities. The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services.

4.3 Personnel

There are no personnel implications.

4.4 Other Services

There is no direct impact on other services.

4.5 Diversity

There are no diversity implications.

4.6 Risk

The Council has complied with all of the relevant statutory and regulatory requirements which limit the levels of risk associated with treasury management activities.

The setting, monitoring and reporting of the Prudential Indicators ensure that the Council's capital expenditure is prudent, sustainable and affordable; and the treasury practices demonstrate a low risk approach.

4.7 Crime and Disorder

There are no Crime and Disorder implications.

4.8 Data Quality

Every care has been taken in the development of this report to ensure that the information and data used in its preparation are accurate, timely, consistent and comprehensive. The Council's Data Quality Policy has been complied with in producing this report.

4.9 Other Implications

There are no other implications associated with this report.

5. THE COUNCIL'S CAPITAL EXPENDITURE AND FINANCING 2006/07

5.1 The Council undertakes capital expenditure on long term assets. These activities may either be:

- Financed immediately through capital receipts, capital grants etc.; or
- If insufficient financing is available the expenditure will give rise to a borrowing need.

5.2 Part of the Council's treasury activities is to address this borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activities also include managing the Council's cash flows, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then optimise performance. Wider information on the regulatory requirements is shown in Section 10.

5.3 The actual capital expenditure forms one of the required prudential indicators.

5.4 The table below also shows how this was financed.

	2005/06 Actual £000	2006/07 Estimate £000	2006/07 Actual £000
Non-HRA capital expenditure	4,687	7,424	5,419
HRA capital expenditure	4,467	4,766	5,286
Total capital expenditure	9,154	12,190	11,467
Resourced by:			
Major Repairs Allowance	2,217	2,376	2,376
Capital receipts	5,263	3,017	1,480
Other Grants & Contributions	1,232	1,890	2,087
Revenue	78	0	618
Unfinanced capital expenditure (additional need to borrow)	364	4,907	4,906

6. THE COUNCIL'S OVERALL BORROWING NEED

6.1 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position. It represents 2006/07 and prior years' net capital expenditure which has not yet been paid for by revenue or other resources.

6.2 The Non-HRA element of the CFR is reduced each year by a statutory revenue charge (called the Minimum Revenue Provision - MRP). The total CFR can also be reduced by:

- the application of additional capital resources (such as unapplied capital receipts); or
- charge more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP) or depreciation.

6.3 The Council's CFR for the year is shown below, and represents a key prudential indicator.

CFR (£m)	31 March 2006 Actual	31 March 2007 Original Indicator	31 March 2007 Actual
Opening balance	14.89	15.11	15.11
+ unfinanced capital expenditure	0.36	4.91	4.91
- MRP	0.14	0.13	.06
Closing balance	15.11	19.89	19.96

7. TREASURY POSITION AT 31 MARCH 2007

7.1 The treasury position at the 31 March 2007 compared with the previous year was:

Treasury position	31 March 2006		31 March 2007	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Rate Debt	£14.67m	5.63%	£18.77m	4.93%
Variable Interest Rate Debt	£2.96m	4.80%	£0.00m	0.00%
Total Debt	£17.63m	5.49%	£18.77m	4.93%
Fixed Interest Investments	£8.08m	4.55%	£6.39m	5.01%
Variable Interest Investments	£0.00m	0.00%	£0.00m	0.00%
Total Investments	£8.08m	4.55%	£6.39m	5.01%
Net borrowing position	£9.55m		£12.38m	

8. PRUDENTIAL INDICATORS AND COMPLIANCE ISSUES

8.1 Some of the prudential indicators provide either an overview or specific limits on treasury activity. These are shown below:

8.2 **Net Borrowing and the CFR** - In order to ensure that borrowing levels are prudent, over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2006/07 plus the expected changes to the CFR over 2007/08 and 2008/09. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2006 Actual	31 March 2007 Original Indicator	31 March 2007 Actual
Net borrowing position	£9.55m	£12.31m	£12.38m
CFR	£15.11m	£19.89m	£19.96m

8.3 **The Authorised Limit** - The Authorised Limit is the "Affordable Borrowing Limit" required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2006/07 the Council has maintained gross borrowing within its Authorised Limit.

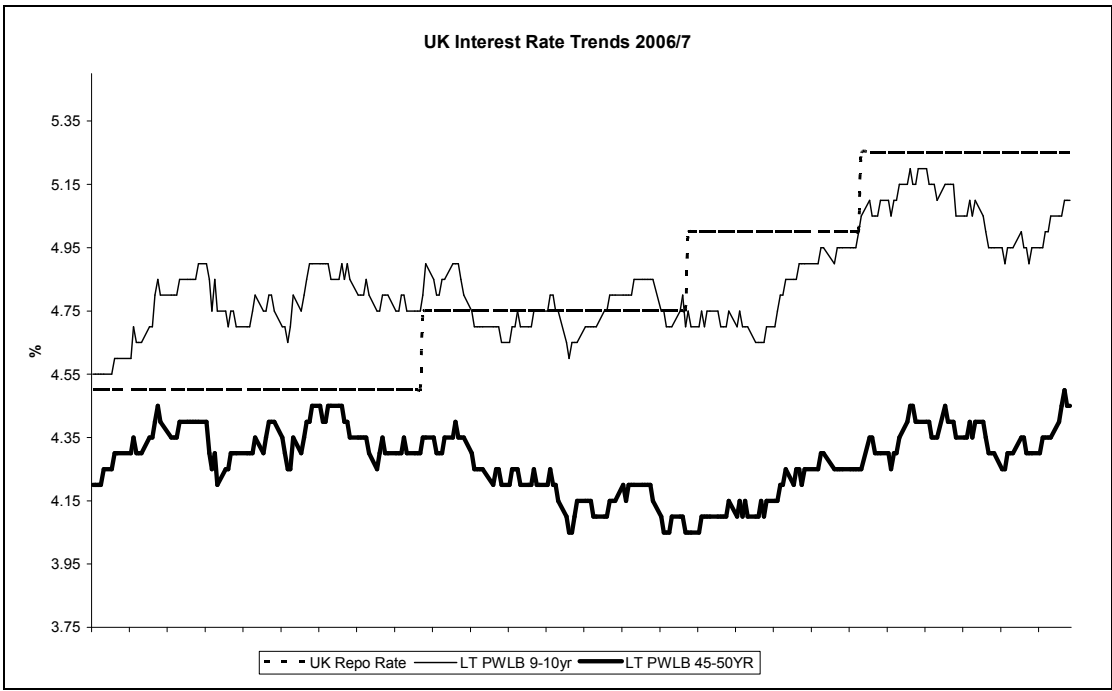
8.4 **The Operational Boundary** – The Operational Boundary is the expected borrowing position of the Council during the year, and periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached.

8.5 **Actual financing costs as a proportion of net revenue stream** - This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2006/07
Original Indicator - Authorised Limit	£22.05m
Maximum gross borrowing position	£21.77m
Original Indicator - Operational Boundary	£20.04m
Average gross borrowing position	£16.37m
Minimum gross borrowing position	£14.63m
Financing costs as a proportion of net revenue stream	5.03%

9. ECONOMIC BACKGROUND FOR 2006/07

9.1 All treasury activity is directed by both the current market interest rates and expectations of future movements, for instance longer term investment rates for one and two years will reflect anticipated movements in the MPC Bank Rate (UK Repo Rate). Longer term borrowing rates are influenced by inflation and demand and supply considerations.



9.2 The 2006/07 financial year featured a rising trend in short term interest rates as policy makers and financial markets responded to the twin effects of strengthening economic activity and rising inflation.

- 9.3 The optimism that prevailed in the first few months of 2006 had evaporated by the beginning of the new financial year. The rebound in economic activity since 2005 proved more robust than consensus expectations. In addition, external pressures on consumer price inflation had continued to escalate. While short-term interest rates remained steady in the first few months of the year, there were growing expectations that a rise in official interest rates would eventually materialise.
- 9.4 The first hike in the Bank Rate from 4.5% to 4.75% was announced in August 2006 as the Bank of England responded to the deteriorating inflation outlook. The economy's slow response to monetary policy tightening, a less than favourable international backdrop and concerns that deteriorating inflation expectations at home would drive prices higher prompted additional rate hikes. Two quarter point increases in Bank Rate were announced in November 2006 to 5% and January 2007 to 5.25%. Further tightening measures were anticipated by the market, and attractive investment opportunities prevailed to year end.
- 9.5 Long-term interest (PWLB) rates charted an erratic course but the overall trend was towards higher levels. Deteriorating inflation expectations on the domestic and international fronts, in reaction to strong growth on a global basis, was the principal force driving yields higher. Strong technical demand for bonds, courtesy of the rebalancing of pension fund portfolios in favour of fixed income assets, was insufficiently strong to counter the rise in yields. Occasional rallies in the gilt-edged market caused dips in rates and presented favourable borrowing opportunities. But these were short-lived and by the close of the year, yields were trading close to the highest levels seen since early 2005.

10. THE STRATEGY AGREED FOR 2006/07

- 10.1 The revised prudential indicators for 2006/07 expected a net financing need for the year to be £4.91m, and that investments would be made only with a counterparty that is on the Council's approved list and no more than £2,000,000 is to be invested with any one counterparty at any time.

11. ACTUAL DEBT MANAGEMENT ACTIVITY DURING 2006/07

- 11.1 **Borrowing** - Loans were drawn to finance the net capital spend and naturally maturing debt. The loans drawn were:

Lender	Principal	Type	Interest Rate	Maturity	Average for 2006/07
PWLB	£2.00m	Fixed interest rate	4.10%	45.5 Years	4.27%
PWLB	£2.30m	Fixed interest rate	4.35%	45.5 Years	4.27%
PWLB	£3.35m	Fixed interest rate	4.35%	46 Years	4.27%

- 11.2 **Rescheduling** – On 28/03/07 the Council repaid £3m at a rate of 6.66% with breakage costs of £0.338m. These loans were replaced with £3.35m at 4.35%.
- 11.3 **Repayment** – No repayment of maturing debt took place in 2006/2007.
- 11.4 **Summary of Debt Transactions** – The overall position of the debt activity resulted in a fall in the average interest rate by 0.56%.

12. INVESTMENT POSITION

- 12.1 **Investment Policy** – The Council's investment policy is governed by ODPM (now DCLG) Guidance, which has been implemented in the annual investment strategy approved by Council on 24 February 2005. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
- 12.2 **Investments Held by the Council** - The Council does not have the expertise or resources to actively use a wide range of investment products and therefore performance tends to be more stable but lower over the longer term than for professionally managed funds (whose performance may fluctuate more). The Council maintained an average balance of £8.167m and received an average return of 4.83%. The comparable performance indicator is the average 7-day LIBID rate, which was 4.84%.

13. PERFORMANCE INDICATORS SET FOR 2006/07

- 13.1 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators. The latest CIPFA Treasury Management Statistics, which are for the year 2005/2006, show:

Debt – Borrowing – Gross average external rate of interest on all external debt for this Council was 5.57% as compared to all English non-metropolitan Districts' rate of 6.19%

Investments – this Council's average rate of interest on all external investments was 4.61% compared to all English non-metropolitan Districts' rate of 5.02%.

14. REGULATORY FRAMEWORK, RISK AND PERFORMANCE

- 14.1 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2006/07);
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the ODPM (now DCLG) has issued Investment Guidance to structure and regulate the Council's investment activities.

14.2 The Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

14.3 The Council is aware of the risks of passive management of the treasury portfolio and, with the support of Butlers, the Council's advisers, has proactively managed its treasury position. The Council has continued to utilise historically low borrowing costs and has complied with its internal and external procedural requirements. There is little risk of volatility of costs in the current debt portfolio as the interest rates are predominantly fixed, utilising long-term loans.

14.4 Shorter-term rates and likely future movements in these rates predominantly determine the Council's investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised through the annual investment strategy, accurately forecasting future returns can be difficult.

Average Rates for the Comparison Borrowing Table

Average Fixed Maturity Interest Rates for the PWLB over 2006/07 (%)

	1	1 1/2	2	2 1/2	3	3 1/2	4	4 1/2	5	5 to 6
Average	5.13433	5.14365	5.12897	5.11468	5.09702	5.07679	5.05536	5.03010	5.01032	4.98452
High	5.70000	5.70000	5.70000	5.65000	5.60000	5.60000	5.55000	5.50000	5.50000	5.45000
Low	4.55000	4.55000	4.55000	4.55000	4.55000	4.55000	4.55000	4.35000	4.55000	4.55000
	6 to 7	7 to 8	8 to 9	9 to 10	10 to 15	15 to 20	20 to 25	25 to 30	30 to 35	35 to 40
Average	4.94405	4.90179	4.86448	4.83333	4.80694	0.00000	4.69524	4.56230	4.43770	4.37659
High	5.35000	5.30000	5.25000	5.20000	5.15000	0.00000	4.95000	4.80000	4.65000	4.60000
Low	4.55000	4.55000	4.55000	4.55000	4.55000	0.00000	4.45000	4.35000	4.20000	4.15000

	40 to 45	45 to 50
Average	4.46349	4.27302
High	4.35000	4.50000
Low	4.10000	4.05000

Average Variable Rates for the PWLB over 2006/07

1-M Rate	3-M Rate	6-M Rate
4.99052	5.08956	5.18658

15. RECOMMENDATIONS

Members are recommended to:

- (i) Approve the actual 2006/2007 prudential indicators within this report.
- (ii) Note the treasury management stewardship report for 2006/2007.

Ian Herberson
Accountancy Manager
14 September 2007
Version 1.0

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Chester-le-Street
District Council

Report to: Council

Date of Meeting: 27 September 2007

Report from: Director of Resources

Title of Report: 2006/07 Statement of Accounts

Agenda Item Number: **20**

1. PURPOSE AND SUMMARY

- 1.1 The Council considered and approved the 2006/07 Statement of Accounts, subject to audit, at its meeting on 28 June 2007. The audit of the accounts has now been completed.
- 1.2 The amended accounts, following the audit, require member approval before they can be signed off by the auditors. The deadline for the signing off of the 2006/07 accounts is 30 September 2007.

2. CONSULTATION

- 2.1 Corporate Management Team has been consulted on the report.

3. CORPORATE PLAN AND PRIORITIES

- 3.1 The report is wholly concerned with finance, which provides the means by which the Council achieves its corporate priorities.

4. IMPLICATIONS

4.1 Financial and Value for Money

These are detailed throughout the Statement of Accounts.

4.2 Legal

The report meets the requirements of the accounts and audit regulations.

4.3 Personnel

None.

4.4 Other Services

There are no direct implications for other services arising from the contents of the report.

4.5 Diversity

None.

4.6 Risk

The Council's risk management arrangements are an integral part of the authority's internal control and corporate governance framework.

4.7 Crime and Disorder

None.

4.8 Data Quality

Every care has been taken in the development of this report to ensure that the information and data used in its preparation are accurate, timely, consistent and comprehensive. The Council's Data Quality Policy has been complied with in producing this report.

4.9 Other Implications

There are no other implications arising from the contents of the report.

5. AMENDMENTS TO THE STATEMENT OF ACCOUNTS

5.1 A revised Statement of Accounts is appended to this covering report.

5.2 Two additional notes have been added:- a note in respect of large scale transfer of the housing stock which appears in section 9.20; and a note on local government review which is detailed in section 3.20.

5.3 An amendment has been made in respect of the disposal of fixed assets which have been revalued on disposal. This has affected the Fixed Asset Restatement Reserve and the fixed asset note (in and out entries), and the Statement of Total Recognised Gains and Losses.

5.4 Demolitions of council houses were originally shown as disposals when they should have been written out as impairment (£145,000 of council houses and £6,558 of garages).

This has impacted on the Income and Expenditure Account and the Housing Revenue Account and has resulted in changes (in and out) to the fixed asset note.

5.5 Finally, the format of the Statement of Total Recognised Gains and Losses has been amended to fully comply with the Statement of Recommended Practice.

6. RECOMMENDATIONS

6.1 It is recommended that Members approve the 2006/07 Statement of Accounts following audit.

Linda Chambers
Director of Resources
14 September 2007
Version 1.0

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STATEMENT OF ACCOUNTS

1. Explanatory Foreword

The purpose of this foreword is to give an easily understandable guide to the accounts.

The Council's statutory accounts and financial statements for 2006/07 are set out on Pages 22 - 73 of this document.

The main purpose of the financial statements that make up the Statement of Accounts, are detailed below.

2. Report by the Director of Resources

The report summarises the most significant matters included in the accounts on pages 6 - 11.

3. Statement of Accounting Policies

The purpose of the statement is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. In certain circumstances, where more than one accounting basis or estimation technique is acceptable, the accounting policy and/or estimation techniques followed can significantly affect an authority's reported results and financial position. The view presented can only be appreciated properly if the policies, which have been followed for material items and estimation techniques that have been used in applying those policies, are explained.

The Statement of Accounts summarises the council's transactions for the 2006/07 financial year and its position at the year-end of 31 March 2007. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2006 (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

Pages 12 - 21 explain the policies adopted in preparing the Council's Accounts.

4. Income and Expenditure Account

This statement is fundamental to the understanding of a local authority's activities, in that it reports the net cost for the year of all the functions for which the authority is responsible, and demonstrates how that cost has been financed from general government grants and income from local taxpayers. It brings together expenditure and income relating to all of the local authority's functions, in three distinct sections, each divided by a sub-total.

The first section provides segmental accounting information on the costs of the local authority's different continuing operations, net of specific grants and income from fees and charges, to give the net cost of services.

The second section comprises items of income and expenditure relating to the authority as a whole. When added to the net cost of services these give the authority's net operating expenditure.

The third section shows the income from local taxation and general government grants in the period, to give the net deficit or surplus for the year.

The Income and Expenditure Account has been compiled in accordance with the Best Value Accounting Code of Practice.

Pages 22 - 23 show the revenue expenditure and income for each service provided, including contributions to funds. Following each statement are notes providing further information and explanation on the more important items in the Revenue Accounts.

5. Statement of Total Recognised Gains and Losses

Not all the gains and losses experienced by a local authority are reflected in the Income and Expenditure Account. For example, gains on revaluations of fixed assets and pension actuarial gains and losses are excluded as they are treated under UK GAAP as arising from asset and liability valuation charges rather than from an entities operating performance. It is necessary to consider all gains and losses recognised in a period when assessing the financial result for the period.

FRS 3 (Reporting Financial Performance) requires all gains and losses to be included in a Statement of Total Recognised Gains and Losses (STRGL) to be shown with the same prominence as the other primary statements.

Page 25 shows the Statement of Total Recognised Gains and Losses as at 31 March 2007.

6. Balance Sheet

The balance sheet is fundamental to the understanding of the authority's financial position at the year-end. It shows its balances and reserves and its long-term indebtedness, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

Page 26 summarises the financial position of the Council as at 31 March 2007. Following the statement are notes providing further information and explanation on the more important items in the Balance Sheet.

7. Cash Flow Statement

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement, as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

Its objective is to ensure that significant elements of receipts and payments of cash are highlighted in a way that facilitates comparison of cash-flow performance of different businesses and to provide information that assists in assessing their liquidity, solvency and financial adaptability.

Page 27 summarises the inflows and outflows of cash arising from revenue and capital transactions with third parties.

8. Housing Revenue Account

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a revenue account for local authority housing provision in accordance with the Housing Act 1987. It includes the credit and debit items that are required to be taken into account in determining the surplus or deficit on the HRA for the year. The amounts included in the HRA differ from the amounts in respect of HRA services included in the Income and Expenditure Account for the authority as a whole, which includes income and expenditure in accordance with the SORP rather than that required by statute and non-statutory proper practices. For this reason the HRA statement has two parts:

The HRA Income and Expenditure Account – which shows in more detail the income and expenditure on HRA services included in the whole authority Income and Expenditure Account (comprising as well as the amounts included in the whole authority Net Cost of Services for the HRA, the HRA's share of amounts included in the whole authority Net Service Cost but not allocated to individual services and the HRA's share of operating income and expenditure such as Pension Interest Costs and Expected Return on Pension Assets).

The Statement of the Movement on the Housing Revenue Account Balance – which shows how the HRA Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the Housing Revenue Account Balance for the year.

Pages 49 - 50 show the housing revenue expenditure and income, including contributions to funds, etc. Following each statement are notes providing further information and explanation on the more important items in the Housing Revenue Accounts.

9. Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to non-domestic rates and the council tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.

Pages 58 - 59 show the income received by the Council from Council Tax payers, Non-Domestic Rate payers and government grants to meet the Council's demand (including precepts from Parish Councils) and precepts from Durham County Council, Durham Police Authority and the Durham and Darlington Fire and Rescue Authority during 2006/07.

10. Statement on the Systems of Internal Control and Corporate Governance

Regulation 4(2) of The Accounts and Audit Regulations 2003 and regulation 4(2) of The Accounts and Audit (Wales) Regulations 2005 require English and Welsh authorities to 'conduct a review at least once in a year of the effectiveness of its system of internal control' and include a statement on internal control with any statement of accounts.

Pages 61 - 73 summarise the responsibilities of the Authority, the Leader of the Council and the Director of Resources, relating to monitoring of an effective system of internal control and arrangements to ensure effective corporate governance.

11. Statement of Responsibilities for the Statement of Accounts and Certification by the Section 151 Officer

Local authorities are required to include in their statement of accounts a statement of responsibilities for the statement of accounts, which sets out the respective responsibilities of the authority and the Chief Financial Officer for the accounts.

The Statement of Accounts is intended to present fairly the financial transactions of the Council during the year ended 31 March 2007 (the 2006/07 financial year).

Page 74 summarises the responsibilities of the Authority and the Director of Resources, relating to the making of proper arrangements for the administration of the financial affairs of the Council and the keeping of accounting records.

The accounts and statements in respect of 2006/07 have been prepared using the professional guidance given in the Code of Practice on Local Authority Accounting 2006, together with other legal requirements as contained in various Acts of Parliament, including the Accounts and Audit Regulations 2003.

12. Glossary of Terms

Pages 75 - 82 provides details of those accounting terms used within this document and give a basic definition in order to assist the reader to understand the Financial Statements.

2. REPORT BY DIRECTOR

2.1 General Fund Revenue Expenditure

General Fund expenditure for 2006/07 is summarised in the Income and Expenditure Account in section 4 of the Statement of Accounts.

This shows the costs of the Council's services, other than Council housing and how the net expenditure has been funded.

The table below shows where our money came from and how we spent it.

WE SPENT MONEY ON:-

Service	Net Actual Expenditure £'000	Percentage of Total
Community Safety and Development	69.3	0.8%
Leisure	1,790.7	19.7%
Environmental Health	513.1	5.7%
Planning	85.1	0.9%
Environmental Services	2,646.6	29.1%
Revenues and Benefits	657.6	7.2%
Finance and Accountancy	12.6	0.1%
Organisational Development	154.3	1.7%
Corporate Development Unit (Incl. conc. Travel)	1,309.5	14.4%
Regeneration	603.3	6.7%
Legal and Democratic Services	319.3	3.5%
Corporate Functions and Savings	930.8	10.2%
Sub Total	9,092.2	100%
Less: Capital Accounting Adj.	(972.4)	
Less: Interest on Investments	(333.3)	
Net	7,786.5	100%

WHERE THE MONEY CAME FROM:-

	£'000	Percentage of Total
Council Tax	2,851	36%
Revenue Support Grant	792	10%
Business Rates	4,103	53%
Collection Fund Surplus	70	1%
Budget for the year	7,816	100%

The Council set a net General Fund Revenue Budget of £7,815,767 for 2006/07.

The table below shows the budgeted figures for 2006/07 as compared with the actual outturn for the year.

Service	Original Net Budget £'000s	Probable Net Budget £'000	Net Actual Outturn £'000	Variance from Probable Budget £'000
Community Safety and Development	144.2	75.6	69.3	- 6.3
Leisure	1,672.3	2,146.7	1,790.7	- 356.0
Environmental Health	576.5	530.0	513.1	-16.9
Planning	200.7	86.3	85.1	- 1.2
Environmental Services	2,579.8	2,668.2	2,646.6	-21.6
Revenues and Benefits	661.7	704.1	657.6	- 46.5
Finance and Accountancy	16.3	3.1	12.6	+ 9.5
Organisational Development	196.1	156.0	154.3	- 1.7
Corporate Development Unit	1,345.7	1,324.4	1,309.5	- 14.9
Regeneration	850.4	797.1	603.3	- 193.8
Legal and Democratic Services	280.0	299.2	319.3	+ 20.1
Corporate Functions and Savings	439.7	806.6	930.8	+ 124.2
Less: Capital Accounting Adj.	(890.0)	(1,451.5)	(972.4)	+ 479.1
Less: Interest on Investments	(257.6)	(330.0)	(333.3)	- 3.3
	7,815.8	7815.8	7,786.5	- 29.3

The final position for 2006/07 shows an underspend of £29,354 as compared with the probable budget. This has been transferred to reserves.

Changes in the treatment of capital charges, which, effectively, show the depreciation of assets used to provide the service, have affected the outturn for several service areas; leisure, environmental services and regeneration, and the Civic Centre (included in Corporate Functions), are the main services affected by these changes. Capital charges do not, however, affect the real cost of the general fund services as they are reversed out in the capital accounting adjustments and are not taken into account in the net costs of services.

Excluding the effects of the changes in capital charges, the main variances from the probable budget were as follows:

	£'000
Leisure	- 35.3
Environmental Services	+ 27.8
Revenues and Benefits	- 46.5
Regeneration	- 50.7

The underspend on leisure services is mainly due to additional income at the leisure centre and riverside along with a small saving at Selby Cottage.

The overspend on Environmental Services is mainly due to a reduction in income from the highways agency service carried out for Durham County Council.

The underspend on Revenues and Benefits is mainly due to vacancy savings.

The underspend on regeneration is mainly due to savings from vacant posts, and some small underspends against budgets for the housing needs survey, maintenance and equipment.

The variance showing against corporate functions and savings is simply due to the fact that the PSA grant and the LAGBI grant income which were expected to be needed to fund the probable budget were not actually required for the final outturn for the year.

2.2 Housing Revenue Account

The Housing Revenue Account (HRA) is a statutory ring-fenced account into which all items of expenditure and income relating to the provision of the public sector housing service must be charged. The HRA cannot be subsidised from the General Fund, neither can it subsidise the General Fund. Housing Revenue Account expenditure for 2006/07 is summarised in section 10 of the Statement of Accounts.

The table below shows the budgeted figures for 2006/07 compared with the actual outturn for the year.

	Original Budget £'000	Actual Outturn £'000	Variance from Budget £'000
<u>Income</u>			
Rents and other income	10,660	10,802	- 142
Major Repairs Allowance	2,376	2,376	0
Interest receivable	41	51	- 10
Negative subsidy paid to DCLG	(4,281)	(4,275)	- 6
Rent Constraint Allowance	0	92	- 92
Total income	8,796	9,046	- 250

<u>Expenditure</u>			
Property Services	3,032	2,826	- 206
Central Costs	437	412	- 25
Estate Management	778	854	+ 76
Income Management	265	269	+ 4
I T and Accounts	374	317	- 57
Community Engagement	147	203	+ 56
Exceptional Items	227	119	- 108
Stock Transfer	300	370	+ 70
Special Services – Sheltered Housing	228	191	- 37
Care for the Elderly – Careline	34	121	+ 87
Council House Sales	-	13	+ 13
Cost of Democracy	278	278	0
Depreciation	2,376	2,376	0
Debt Management and Loan Charges	775	855	+ 80
Direct Revenue Financing	0	435	+ 435
Total expenditure	9,251	9,639	+ 388
(SURPLUS)/DEFICIT	455	593	+ 138

The main reason for the variance on the Housing Revenue Account of £138,000 is the direct revenue financing – which is a revenue contribution to the housing capital programme, partly offset by additional income and savings in our budgets.

The closing balance on the housing revenue account reserve at the end of 2006/07 is £1.3 million. Savings in the HRA are expected in 2007/08 which will increase the balance on the reserve by the end of the year.

2.3 Building and Maintenance Direct Labour Organisation (DLO)

Turnover in 2006/07 amounted to £2.735 million and resulted in a surplus of £4,231 for the year. (2005/06 turnover amounted to £2.587 million and a surplus of £15,057).

2.4 Capital Programme

Total Capital Programme expenditure amounted to £11.467 million, as compared with the agreed programme of £12.264 million.

This includes expenditure on Council housing, regeneration and other general fund schemes. The main areas of expenditure included:-

	£'000
Affordable Housing	5,286
Town Centre Regeneration	2,150
SHIP	1,494
Housing Grants	654
I.T. (incl. telephony)	599
Pelton Fell Regeneration	522

The total capital programme expenditure of £11,467 million was financed as follows:-

	£'000	Percentage of Total
Major Repairs Allowance	2,376	21%
Capital Receipts	1,480	13%
Borrowing	4,906	43%
Government Grants	118	1%
Other Grants and Contributions	1,969	17%
Revenue	618	5%
	11,467	100%

2.5 Revenue Recovery

The table below summarises the performance of the Council in recovering amounts due from local taxpayers and tenants.

	Arrears	Arrears
	31 March 2006	31 March 2007
	£	£
Council Tax	807,611	729,479
Non Domestic Rates	498,979	311,078
Rents	465,168	506,020
	1,771,758	1,546,577

The total amount of Council Tax collected during 2006/07 amounted to £19,389,665.64 million, and the total amount of non-domestic rates amounted to £6,563,714.59 million.

The authority achieved a collection rate of 97.2% for Council Tax and 96.7% for non-domestic rates in 2006/07.

2.6 Borrowing

For 2006/07 the Council set its Authorised Limit which is the 'Affordable Borrowing Limit' required by s3 of the Local Government Act 2003 at £22.05 million.

The Council did not exceed its authorised limit.

The Operational Boundary, set at £20.04 million for 2006/07, is a potential borrowing position that could be required in the event of cash flow problems that could arise during the year, and periods when the actual position is either below or over the boundary would be acceptable, subject to the Authorised limit not being breached.

The Operational Boundary is how we manage external debt to ensure we remain within the authorised limit.

The maximum gross borrowing position during the year was £21.77 million, and the minimum gross borrowing position was just over £14.63 million.

The long-term debt at the end of 2006/07 stood at £18.77 million.

The average rate of interest paid on long-term loans in 2006/07 was 5.55% compared with a rate of 5.63% in 2005/06.

2.7 Investments

The Council's investments amounted to £6.39 million on 31 March 2007. An average rate of interest of 4.83% was earned on investments.

2.8 Reserves and Balances

At the end of 2006/07, the Council's total General Fund reserves amounted to £1.7 million. This total comprises:-

	£'000
General Fund Reserve	390
Insurance Reserve	176
Earmarked Revenue Reserves	1,134
TOTAL	1,700

The General Fund reserve is a reserve set aside for unforeseen events and is needed to help cash flow management.

The Council is responsible for collecting the Council Tax for Durham County Council, Durham Police Authority, Durham and Darlington Fire and Rescue Authority and the Parish Councils, as well as itself. Instead of paying their share of the Council Tax as it is collected, the Council has to pay a proportion of the total due to the different organisations at specific times during the year, irrespective of whether the amounts due have been collected. It is important, therefore, to have the general reserve available to help meet these payments should this be required.

The earmarked revenue reserves are a wide variety of funds earmarked for specific revenue purposes. The total includes the planning delivery grant, funding earmarked for leisure activities and the Venture Fund.

The Housing Revenue Account (HRA) has reserves of approximately £1.3 million.

2.9 Statement of Internal Control

The Statement of Internal Control is detailed in section 12 of the Statement of Accounts. This is the last year that the SIC will be reported to Council in this format. A revised Framework for Corporate Governance is being published in June 2007 which will necessitate a review of local government arrangements and recommend an annual governance statement that subsumes the requirement to prepare and publish a Statement of Internal Control, effective from 2007/08.

3. STATEMENT OF ACCOUNTING POLICIES

3.1 General Principles

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2006.

The general principles conform with the requirements of the various Statements of Standard Accounting Practice issued by the Accounting Standards Committee, with the exception of the following:-

SSAP9 – Stocks and Work in Progress

The recommended practice of including stocks and work in progress in financial statements at cost or net realisable value, whichever is the lower, has not been adopted in the case of stocks. Stocks are included in this statement at latest price. In addition work in progress for Housing Maintenance is based on an estimate of the value of work completed as at 31 March rather than the actual cost of work.

3.2 Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised in the accounts on an accruals basis, with the exception of amounts of £5,000 or less which have been classed as de minimis and charged to revenue. Expenditure on fixed assets is capitalised when the fixed asset yields benefits to the authority and the services it provides for a period of more than one year. This excludes expenditure on the routine repairs and maintenance of fixed assets, which is charged direct to service revenue accounts.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by CIPFA's 2004 Code of Practice on Local Authority Accounting.

Assets are included in the balance sheet on the following basis:-

- Land, operational properties and other operational assets are included at open market value in existing use or where this is not available, at depreciated replacement cost.
- Non-operational assets, including investment properties and assets that are surplus to requirements, are included at the lower of net current replacement cost and net realisable value. In the case of investment properties, this is normally open market value.
- Infrastructure assets and community assets at historical cost.

The surpluses arising from the initial valuation of fixed assets effective from 1 April 1994 and the subsequent revaluation effective from 1 April 1999 were credited to the Fixed Asset Restatement Reserve. Future revaluations are planned at five yearly intervals, although material changes to asset valuations will be effected as they occur. All housing assets were revalued during 2005/06. The non-housing assets were revalued by the District Valuer in September 2006.

Housing assets are valued based on inspections undertaken by S. Allsopp (FRICS) who is a Senior Associate within the Social Housing Division of Countrywide Surveyors. The valuations were undertaken in accordance with the guidance issued by the DETR (now DCLG).

3.3 Intangible Assets

Intangible Assets are assets which do not have a physical substance but are identifiable and controlled by the Council and have a life exceeding one year. The balance is amortised to revenue over the economic life to reflect the consumption each year. The balance identified on the balance sheet relates to computer software and licences.

3.4 Receipts Arising from the Sale of Capital Assets

Under the Local Government Act 2003, the previous 'set aside' requirements for housing capital receipts with pooling arrangements, whereby 75% of the receipts from the sale of Council houses and subject to some exceptions, such as 50% of the proceeds of other housing assets have to be paid over to central government.

3.5 Depreciation

Depreciation is required to be provided for on all fixed assets with finite and determinable useful lives. The bases on which depreciation is included in the accounts are as follows:

- Operational property valued on the basis of depreciated replacement cost has been depreciated in line with the requirements of FRS 15.
- Depreciation on Council dwellings has been included in the accounts at the same value as the Major Repairs Allowance. The Director of Resources believes this to be a fair assessment of the level of depreciation, and does not consider any variation is required.
- Newly acquired assets are depreciated from the mid-point of the year, although assets in the course of construction are not depreciated until they are brought into use.
- Depreciation is calculated using the straight line method.

3.6 Impairment

The value at which each category of assets is included in the balance sheet should be reviewed at the end of each reporting period, and where there is reason to believe that its value has changed materially in the period, the valuation should be adjusted accordingly. Impairment is reflected by:

- a significant decline in the fixed assets market value during the period
- evidence of obsolescence or physical damage to the fixed asset
- a significant adverse change in the statutory or other regulatory environment in which the authority operates
- a commitment by the authority to undertake a significant reorganisation.

3.7 Capital Charges to Revenue

General Fund Service Revenue Accounts, as defined in CIPFA's Best Value Accounting Code of Practice, central support services and statutory trading accounts are charged with a capital charge for all fixed assets used in the provision of the service.

Such charges are calculated on the current valuation of the asset and comprise of depreciation which is calculated using the straight line method.

Finance costs, (including interest payable and interest payable under finance leases) and provisions for depreciation are charged to the Income & Expenditure Account. The General Fund accounts have been charged with an amount known as the Minimum Revenue Provision (MRP). The MRP is calculated on the basis of 4% of the Non-Housing Capital Financing Requirement at 1 April and under the capital accounting system, the provision for depreciation equates to the MRP. Where the provision for depreciation, which has been charged to the service accounts is lower than the MRP, an additional charge is made to the Income and Expenditure Account, below net operating expenditure. A credit is included where the provision for depreciation exceeds MRP. This allows compliance with the statutory requirement concerning the provision for the redemption of debt.

From 1 April 2004, the Housing Revenue Account is no longer charged with a Minimum Revenue Provision. Depreciation charges in the HRA equate to the level of the Major Repairs Allowance.

All capital charges for the use of fixed assets and relevant impairment losses included in revenue accounts are credited to the Statement of the Movement in General Fund Balance.

The amounts set aside from revenue for the repayment of external loans and to finance capital expenditure are disclosed separately on the face of the Income and Expenditure Account, below net operating expenditure.

3.8 Deferred Charges

Deferred Charges represent expenditure which may properly be capitalised, but which does not represent tangible fixed assets. Such expenditure must be charged to service revenue accounts on the basis of the benefit that service receives as a result of the expenditure. Amounts included in the balance sheet should be based on the continuing value to the authority.

3.9 Government Grants and Other Contributions

Money received from central government is credited to the appropriate revenue and capital accounts when the money is due rather than when it is actually received (accrual basis).

All grants and contributions to finance capital expenditure are initially credited to the Government Grants Deferred Account. Amounts are released to the Income and Expenditure Account over the useful life of the asset to match the depreciation charged on to asset to which it relates.

For expenditure on assets which will not be depreciated, the amounts of grants are written out to the Capital Financing Account in the year they are applied.

The Council receives specified Capital Grant from the Government which helps to pay for Disabled Facilities Grants to private householders.

3.10 Leases

There are two main types of lease agreements that the Council can enter into and the accounting treatment of each of these is as follows: -

Finance Leases – Rental payments under finance leases are apportioned between the finance charge and the reduction of the outstanding obligation, with the finance charge being allocated and charged to revenue over the term of the lease.

Operating Leases - Rentals payable, net of benefits received or receivable (e.g. incentives for a lessee to sign a lease), under operating leases are charged to revenue on a straight-line basis over the term of the lease, even if the payments are not made on such a basis, unless another systematic and rational basis is more appropriate

3.11 Income and Expenditure and the basis on which Debtors and Creditors Outstanding at 31 March 2007 are included in the Accounts

The Revenue Accounts are maintained on an accruals basis, in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2006. Income and Expenditure are accounted for in the year in which they arise by the creation of debtors and creditors. The amounts outstanding at 31 March 2007 in respect of debtors and creditors have been included in the Balance Sheet. The figures shown represent actual amounts due.

3.12 The Nature of Material Provisions and Reserves

Provisions

Provisions are amounts which have been set aside to meet existing liabilities or losses.

The Council has created provisions to meet potential losses in income as a result of bad debts, and to meet anticipated insurance claims arising from certain risks.

Reserves

Revenue:

Earmarked amounts, which are set aside for specific policy purposes, which may be of a capital or revenue nature, and balances which represent resources set aside for purposes such as general contingencies and cash flow management. Details of the Council's reserves as at 31 March 2007 are given in Section 9.18 on page 38.

Capital:

The requirements of the capital accounting system for local authorities involve the maintenance of three significant capital reserves in the Balance Sheet:-

- the Fixed Asset Restatement Account, which represents principally the balance of the surpluses or deficits arising from the periodic revaluation of fixed assets.
- the Capital Financing Account, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.
- the Major Repairs Reserve, which represents the extent to which the Major Repairs Allowance has not been utilised to finance capital expenditure on housing assets.

3.13 Overheads

The costs of management and administration overheads have been fully allocated to services. The bases of allocation used for the main costs are outlined below:-

Cost	Basis of Allocation
Central Departments (Legal and Administration etc.)	Estimate of time spent by staff
Administrative Buildings (Civic Centre)	Floor area occupied
Professional Services (Accountants, Personnel, Computer etc)	Service Level Agreements
Telephones	Actual usage / Number of extensions

Other overhead costs are dealt with in accordance with CIPFA's Statement on Accounting for Overheads.

3.14 Pensions

The 2006 Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice (the SORP) repeats the requirement of the 2003 version but also formalises guidance on the treatment of the Financial Reporting Standard (FRS) 17 for the Housing Revenue Account (HRA).

As with the 2005/2006 Accounts, this represents a change in the accounting policies to those applied in 2003/04 to the extent that true economic cost of providing pension benefit earned by employees in 2006/07 based on information provided by the Actuary – Hewitt, Bacon and Woodrow – has been allocated to all of the individual service revenue accounts including the HRA, Direct Service Organisation and the Trading Activities. Unfunded Benefits granted to employees who retired in 2006/07 are charged to the "Income and Expenditure Account – Unapportionable Central Overheads".

This change has no impact on the "Amount to be met from Government Grants and Local Taxation".

Further information provided by the Actuary can be found in Note 9.6 of the Notes to the Core Single Entity Accounting Statements.

A copy of the Annual Report of Durham County Council Superannuation Fund is available from the County Treasurer, Durham County Council, County Hall, Durham DH1 5UB.

3.15 Interest Charges

All surplus capital and revenue monies are externally invested, in line with the Council's approved Annual Treasury Management Strategy and in accordance with the Local Code of Treasury Management. The General Fund receives the interest and an internal transfer is made to the Housing Revenue Account based on the actual average interest rate achieved on the Council's Reserve Account throughout the year and in accordance with the Item 8 Credit calculation of the Housing Subsidy Determinations. Interest payable on external borrowings and investment income is accounted for on an accruals basis.

3.16 Premiums and Discounts on the Early Redemption of Debt

The Council makes provision for all scheduled debt repayments. The basis of these payments is dependent upon the type of loan raised. There are two types of loans currently used by the Council, these are:

Maturity loans – the principal is repaid in full on the date the loan matures and in the interim, interest only payments are made.

Annuity loans – repayments of these loans are calculated on the basis of a sinking fund where the proportion of principal in relation to the payment increases throughout the term of the loan.

In addition to these budgeted repayments the Council can also redeem or restructure its debt early, as part of its overall debt management policy, thus utilising its ability to repay and/or replace debt based on prevailing market conditions.

Where early redemption of debt takes place, premiums or discounts incurred are accounted for as follows: -

- Premiums and discounts incurred as a result of a debt restructuring exercise are charged to the revenue account over the life of the new loan for the General Fund, and over the life of the old loan or ten years, whichever is shorter, for the Housing Revenue Account.
- Premiums and discounts that are not associated with a wider restructuring of the Council's debt portfolio are charged to the revenue account in the year in which they are incurred.
- Premiums and discounts are split between the General Fund and the Housing Revenue Account, in accordance with their share of debt as identified by the Council's Capital Financing Requirement (formerly its Credit Ceiling) at 1 April in the year in which they are incurred.

The repayment (redemption) of debt by services is provided for in accordance with the requirements of the Local Government and Housing Act 1989.

3.17 Investments

External investments to the value of £6.39 million were held at 31 March 2007. These represent surplus capital receipts and reserves and were in the form of deposits with a bank and building society. The Balance Sheet reflects the nominal value of these investments. The Council has no interests of any sort in associated or subsidiary companies.

3.18 Group Accounts

The 2004 Local Authority SORP (Code of Practice on Local Authority Accounting in the UK: A Statement of Recommended Practice) introduces new requirements in respect of group accounts for Local Government. These requirements are based closely on the Financial Reporting Standards FRS 2 Accounting for Subsidiary Undertakings and FRS 9 Associates and Joint Ventures.

The intention is that authorities enhance their accounts through the consolidation (grouping) of the transactions and balances of subsidiaries and of interests in associated and joint ventures to provide a complete picture of the activities over which the Authority has control or significant influence.

It has not been necessary to produce group accounts.

3.19 Value Added Tax

Income and expenditure is shown net of VAT where this is recoverable. Claims to Customs and Excise for the net VAT are made on a monthly basis.

3.20 Post Balance Sheet Events

Where an event occurs after the closure of accounts which is significant then changes will be made to the Statement of Accounts. Otherwise a note of the event will be disclosed.

3.21 Changes in Accounting Practice and Prior Year Adjustments

The 2006/07 accounts include the following changes, as detailed above, to accounting practice in comparison to previous years: -

- Intangible fixed assets which were not computer software have now been written off in the year of acquisition.

Other changes introduced by the 2006 SORP, include significant alterations to the form and structure of local authority accounts. This has been brought about by a desire to converge local authority accounting arrangements more in line that of the private sector and for them to be "UK GAAP compliant". That is that the accounting practices in local authorities are in line with / comparable to the Generally Accepted Accounting Practices in the private sector.

The SORP 2006 (applicable to accounts for the financial year ended 31 March 2007) was published in Autumn 2006 and sets out recommendations regarding these changes. In addition to bringing the form and structure of the accounts into more of a UK GAAP compliant context, the whole aim of these changes is to try and make the statements more accessible and better understood. Whilst these changes are applicable from 2006/07 onwards, there is a requirement to re-cast (for comparison and consistency purposes) the 2005/06 figures as part of the closedown process.

The main significant changes (from the 2005/06 Accounts) are as follows: -

- **Change in Format and Structure**

The Financial Statements have been reclassified into Core Single-Entity Statements (including the new and amended statement requirements); Supporting Single Entity Financial Statements; and Group Accounts Financial Statements. The Core Statements are now grouped together at the front of the document and the notes to these are shown in one section rather than immediately after the statements themselves.

- **Abolition of Capital Financing Charges**

From 1 April 2006 the Council is no longer required to make a notional interest charge against service revenue accounts and as a consequence the requirement to maintain an Asset Management Revenue Account has been removed.

- **Replacement of the Consolidated Revenue Account with a new "Income and Expenditure Account"**

This new statement excludes a host of accounting entries and adjustments that were key features of the Income and Expenditure Account (see below) and show the net surplus or deficit for the year before adjustments are made for the items that were previously included in the Income and Expenditure Account. The net cost of services included in the I&E account includes items that do not impact directly in the Council tax due to statute bar – principally actual depreciation charges, deferred charges and FRS 17 adjustments, plus appropriations to and from earmarked funds. These will be adjusted in a new statement that is to be included (see below).

- **A New Statement of Movement on the General Fund Balance**

This statement includes all the entries that are required by statute and non-statutory proper practices to be adjusted against the Income and Expenditure Account surplus or deficit to give the "true" General Fund Council Taxpayer position – i.e. the position that would otherwise have been the case on the Income and Expenditure Account. This statement also records the profits and losses on the disposal of fixed assets.

- **Replacement of the Statement of Total Movement in Reserves with a New Statement of Total Recognised Gains and Losses**

This new statement will effectively reconcile the opening and closing balance sheet values i.e. the change in the net worth of the authority in year and will bring together both the movement in reserves and balances and the change in asset values, taking into account any additions, revaluations and disposals and associated surpluses or losses on those disposals of assets.

4. INCOME AND EXPENDITURE ACCOUNT

2005/2006 Net Expenditure £'000		2006/2007			Notes
		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	
692	Housing – Services	918	(172)	746	
(829)	HRA Housing	11,833	(11,246)	587	
4,496	Cultural, Environmental and Planning Services	9,290	(3,622)	5,668	
275	Highways, Roads and Transport Services	1,174	(447)	727	
535	Central Services to the Public	15,628	(14,862)	766	
1,106	Corporate and Democratic Core	2,526	(988)	1,538	
(60)	Unapportionable Central Overheads	(20)	(202)	(222)	
6,215	Net Cost of Services	41,349	(31,539)	9,810	
172	Parish Council Precepts			181	
780	Pension Interest Cost and Expected Return on Pension Assets			480	9.6
195	Interest Payable and Similar Charges			185	
(200)	(Surpluses) / Deficit on Undertakings Not included in the Net Cost of Services			(177)	9.1
2,907	Contribution of Housing Capital Receipts to Government Pool			1,161	
(256)	Interest and Dividends Receivable			(333)	9.7
9,813	Net Operating Expenditure			11,307	
	Principal Sources of Finance:-				
(2,880)	Demand from the Collection Fund			(3,102)	
(2,662)	Revenue Support Grant			(792)	
0	Government Grant Previous Year Adjustment			(24)	
(1,540)	Redistributed Non-Domestic Rates (From National Pool)			(4,103)	
2,731	(Surplus) / Deficit for Year			3,286	

5. STATEMENT OF THE MOVEMENT ON THE GENERAL FUND BALANCE

2005/2006 £'000		2006/2007 £'000
2,731	(Surplus) / Deficit for year on the Income and Expenditure Account	3,286
(2,548)	Net Additional amount required by statute and non-statutory proper accounting practices to be debited or credited to the General Fund balance for the year	(3,328)
183	(Increase) / Decrease in General Fund Balance for the Year	(42)
(531)	General Fund Balance Brought Forward	(348)
(348)	General Fund Balance Carried Forward	(390)

5.1 Note of Reconciling Items for the Statement of Movement on the General Fund Balance

2005/2006 £'000		2006/2007 £'000
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the Year	
(716)	Depreciation and Impairment of General Fund Fixed Assets	(1,219)
1,031	Amortisation of Government Grants Deferred	2,110
(738)	Write down of deferred charges financed from capital resources	(2,761)
-	Net loss on sale of fixed assets	-
(423)	Sub Total	(1,870)
	Amounts not included in the Income and Expenditure Account but required by statute to be included when determining the Movement on the General Fund Balance	
141	Minimum Revenue Provision for Capital Financing	62
78	Capital Expenditure Charged in year to Revenue	0
(2,907)	Transfer from usable capital receipts to meet payments to Housing Capital Receipts Pool	(1,161)
(410)	Employers Contributions payable to pension fund and retirement benefits payable direct to Pensioners	(150)
(3,098)	Sub Total	(1,249)
	Transfers to or (from) the General Fund Balance required to be taken into account when determining the Movement on the General Fund Balance for the year	
816	Surplus / (Deficit) Transferred to / (from) Housing Revenue Account Balance	(593)
157	Net Transfer to or (from) Earmarked Reserves	384
973	Sub Total	(209)
(2,548)	Net Additional amount required by statute and non-statutory proper accounting practices to be debited or credited to the General Fund Balance for the year	(3,328)

6. STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

2005/2006 £'000		2006/2007 £'000
2,731	(Surplus) / Deficit for the year from the Income and Expenditure Account	3,286
(27,580)	(Surplus) / Deficit arising from the revaluation of Fixed Assets	7,242
(1,220)	Actuarial (Gains) / Losses on Pension Fund assets and liabilities	(260)
(71)	Any other (Gains) / Losses required to be included in the STRGL – Collection Fund	(50)
(26,140)	Total Recognised (Gains) / Losses for the year	10,218

7. BALANCE SHEET – As at 31 March 2007

Year Ended 31 March 2006		Notes	Year Ended 31 March 2007	
£'000			£'000	£'000
361	Fixed Assets	9.20		
	Intangible Fixed Assets	9.21	271	
	Tangible Fixed Assets			
	Operational Assets-			
168,674	Council Dwellings		163,230	
17,812	Other Land and Buildings		17,035	
1,320	Vehicles Plant and Equipment		1,206	
776	Infrastructure		755	
1,518	Community		1,506	
	Non-Operational Assets			
3,210	Assets Under Construction		3,285	
2,878	Investment Properties		2,865	
196,549	Total Fixed Assets			190,153
8	Long-Term Debtors	9.22		4
545	Deferred Premiums on the Early Repayment of Debt	9.8		765
197,102	Total Long-Term Assets			190,922
	Current Assets			
219	Stocks and work in progress	9.23	144	
8,075	Short-term investments	9.24	6,390	
2,650	Debtors	9.25	3,167	
0	Cash at bank		0	
4	Cash in hand		3	
214	Payments in Advance		165	
				9,869
208,264	Total Assets			200,791
	Current Liabilities			
2,960	Short-term Borrowing	9.27	11	
2,517	Creditors	9.26	2,806	
394	Cash Overdrawn		1,787	
545	Receipts in Advance		574	
				5,178
201,848	Total Assets Less Current Liabilities			195,613
	Long Term Liabilities			
14,641	Long-term Borrowing	9.28		18,759
35	Deferred Liabilities			34
1,991	Government Grants Deferred			1,967
24,590	Liability Related to Defined Benefit Pension Scheme	9.6		24,480
160,591	Total Assets Less Liabilities			150,373
	Financed by:	9.35		
139,187	Fixed Asset Restatement Account			130,431
40,252	Capital Financing Account			37,792
1,564	Usable Capital Receipts Reserve			1,291
(24,590)	Pension Reserve			(24,480)
349	General Fund Balance			390
1,893	Housing Revenue Account Balance			1,300
1,936	Earmarked Reserves			3,649
160,591	Total Net Worth			150,373

8. CASH FLOW STATEMENT

	31.3.06		31.3.07	
	£'000	£'000	£'000	£'000
REVENUE ACTIVITIES				
Cash Outflows				
Cash paid to and on behalf of employees	9,403		9,792	
Other operating cash payments	10,912		11,606	
Housing Benefit paid out	2,976		3,457	
Precepts paid	18,670		20,070	
Housing Subsidy	3,729		4,186	
Payments to Capital Receipts Pool	3,371		1,057	
Contributions to NNDR Pool	6,379	55,440	6,547	56,715
Cash Inflows				
Rents (after rebates)	(4,150)		(4,026)	
Council Tax	(18,258)		(19,129)	
Non-domestic rates	(6,093)		(6,216)	
Revenue Support Grant	(2,662)		(816)	
Contribution from National NDR Pool	(1,539)		(4,103)	
DSS grants for rebates	(12,841)		(12,899)	
Other government grants	(3,739)		(3,709)	
Charges for goods and services	(5,994)	(55,276)	(6,655)	(57,553)
Revenue Activities Net Cash Flow		164		(838)
SERVICING OF FINANCE				
Cash Outflows				
Interest paid	828		539	
Premium on Debt Redemption	0		338	
Cash Inflows				
Interest received	(280)	548	(377)	500
CAPITAL ACTIVITIES				
Cash Outflows				
Purchase of fixed assets	9,268		10,746	
Other Capital Payments	353	9,621	494	11,240
Cash Inflows				
Sale of fixed assets	(8,136)		(2,536)	
Capital grants received	(1,307)		(2,160)	
Other capital cash income	(575)	(10,018)	(1,956)	(6,652)
NET CASH OUTFLOW(INFLOW) BEFORE FINANCING		315		4,250
MANAGEMENT OF LIQUID RESOURCES				
Net increase in short-term deposits		2,600		(1,685)
FINANCING				
Cash Outflows				
Repayments of amounts borrowed	19		3,520	
Cash Inflows				
New long-term loans raised	(700)		(7,650)	
New short-term loans raised	(1,860)	(2,541)	2,960	(1,170)
(INCREASE)/DECREASE IN CASH AND CASH EQUIVALENTS		374		1,395

9. NOTES TO THE CORE SINGLE ENTITY ACCOUNTING STATEMENTS

9.1 Trading Undertakings

a) Trading Activities

The Council operates a number of Trading Activities as follows:-

		£'000	£'000
The Council owns and manages an outdoor market , in the Town Centre, generating rental income from the letting of market stalls. The trading objective is to maximise the surplus. (The trading deficit for 2005/2006 was £47,858)	Turnover	130	
	Expenditure	102	
	Surplus		28
The Council lets 57 units in Industrial Estates located in various parts of the District. The trading objective is to maximise rental income. (The trading surplus for 2005/2006 was £110,272)	Turnover	261	
	Expenditure	64	
	Surplus		197
The Council owns and manages the Selby Cottage Child Care Facility located in South Pelaw. The trading objective is to break-even before asset charges are applied. The deficit for 2005/2006 before asset charges was £16,958 (The trading deficit for 2005/2006 was £37,419)	Turnover	357	
	Expenditure	420	
	Deficit		(63)
Net Surplus on Trading Activities before FRS 17 Adjustment			162
FRS 17 Adjustment – see Note 2.14			2
Net Surpluses on Trading Activities after FRS 17 Adjustment			164

b) Direct Service Trading Activities

Following the abolition of Compulsory Competitive Tendering the Council now operates a Public Works trading activity which was previously subject to the competition rules under the Local Government Planning and Land Act 1980.

		£'000	£'000
Public Works (Building Maintenance and Major Works) The trading objective is to break-even (The trading surplus for 2005/2006 was £15,057)	Turnover	2,735	
	Expenditure	2,731	
	Surplus		4
Net Surplus on Direct Service Trading Activities before FRS 17 Adjustment			4
FRS 17 Adjustment – see Note 2.14			9
Net Surplus on Direct Services Trading Activities after FRS 17 Adjustment			13

The net surplus shown above is a result of a £4,231 surplus on Building Maintenance Works.

9.2 Section 137 Expenditure

The Local Government Act 2000 granted new powers to authorities in England and Wales to provide well being in their area. As a consequence, the majority of the provisions of Section 137 (Local Government Act 1972) were repealed with effect from October 2000, however it is still a requirement to disclose any expenditure incurred under Section 137. The Council incurred expenditure amounting to £28,445 in 2006/2007 (£84,071 in 2005/2006).

9.3 Agency Services

The Council carries out certain work as agent for other Authorities, the costs of which are fully reimbursed. The main activities are as follows:-

The District Council carries out street cleansing and gully emptying under its Other Cleaning contract, on behalf of Durham County Council. Total costs incurred in 2006/2007 amounted to £103,119 (2005/2006 £92,187).

The Council also manages a Gypsy Site in the area on behalf of Durham County Council, and after income of £22,585 (2005/2006 £23,788) was recovered the net costs amounted to £15,767 (2005/2006 £18,372). This amount is reimbursed by the County Council.

9.4 Publicity

Section 5 of the Local Government Act 1986 requires local authorities, with effect from 1 April 1988, to keep a separate account of expenditure on publicity. The definition of publicity is very wide, and as a result certain descriptions of publicity and expenditure have been exempted. However, local authorities may choose to include in the account all expenditure on publicity under the wider definition, and this choice has been exercised in the figures shown below.

	2005/2006 £'000	2006/2007 £'000
Total Expenditure on Publicity	157	155
Comprising:-		
Staff Recruitment	56	54
Housing Matters	5	12
Leisure Matters	22	14
Public Notices	16	13
Environmental Matters	9	0
Regeneration	2	18
Economic Development	1	0
District News	24	27
Corporate Plan	9	0
General Survey	8	1
Other	5	6
Comprehensive Performance Assessment	0	10
	157	155

9.5 Finance and Operating Leases

Leasing is a means of financing capital expenditure where a rental charge is paid for an asset for a specified period of time. There are two forms of lease:-

- a) A Finance Lease involves the payment by a Lessee (the user) to the Lessor (the owner) of the full cost of an asset, plus a return on the finance provided by the Lessor. The risk and rewards of ownership, other than legal title, are transferred to the Lessee.
- b) An Operating Lease involves the Lessee paying a rental for the hire of an asset for a period of time which is substantially less than its useful economic life. The Lessor retains most of the risks and rewards of ownership.

The Council uses computers, vehicles and other items of plant and equipment which have in the past been financed by operating leases. During 2005/2006 all operating leases in their primary period were redeemed and the assets purchased by the Council.

The amount of rentals paid in 2006/2007 under the operating lease agreements was Nil (2005/2006 - £245,063). However, the amount charged to revenue accounts in the year amounted to Nil (2005/2006 - Nil), the difference has been accounted for within the Asset Register and associated accounts.

The total undischarged rentals as at 31 March 2007 in respect of operating leases is now Nil (2005/2006 - Nil).

- c) The Council also acts as lessor under many rental agreements for properties which it owns and operates. All of these lease agreements are classified as Operating Leases for the reasons outlined below:-
 - All leases are relatively short term, compared with asset life.
 - In all cases the total rental income over the life of the lease amounts to a small percentage of the asset value, well under 90%.
 - In all cases the Council maintains responsibility for maintenance and insurance of the assets.

In 2006/2007 rental income from leases on assets held as operating leases amounted to £287,008 (2005/2006 - £268,469). This rental income has been credited to various budget heads within the service revenue accounts.

9.6 Pensions and Retirement Benefits

In accordance with the requirements of Financial Reporting Standard (FRS) 17, the Council has to disclose its share of assets and liabilities related to pension schemes for its employees. Employees of the Council may participate in the Local Government Pension Scheme, which is a defined benefit scheme based on final pensionable salary and is administered by Durham County Council. In addition, the Council has made arrangements for the payment of added years to certain retired employees outside the provisions of the scheme.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme. Our actuaries have advised that this assumption has reduced the value placed on the liabilities for FRS17 purposes by less than 3%. This has been reflected in the Statement of Total Recognised Gains and Losses. The change has not affected the figures in the Income and Expenditure Account.

The accounts for 2006/2007 have been charged with an amount of £1,837,231 in respect of the Council's contribution to the Durham County Council Superannuation Fund (2005/2006 - £1,634,043). This represents 385% of the employees' contributions of 6% of reckonable pay for staff and 5% for manual employees. Under superannuation regulations contribution rates are set to meet 100% of the overall liabilities of the fund.

The Fund's Actuary has advised that if the scheme was fully funded, the pension costs which it would have been necessary to provide for in the year, in accordance with SSAP24 'Accounting for Pension Costs', are £1,841,755 representing 22.61% of pensionable pay.

In addition, the Council funded an amount of £356,328 in respect of pension increases and enhanced pensions paid out of the Fund to former employees (2005/2006 - £360,537). This represents 4.38% of total pensionable pay (2005/2006 - 4.71%).

Further to the note in the Statement of Accounting Policies the Council recognises the cost of retirement benefits in the "Net Cost of Services" when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However in accordance with Financial Reporting Standard 17 the charge the Council is required to make against "Amount to be met from Government Grants and Local Taxation" is the amount payable in the year so the real cost of retirement benefits is adjusted in the Income and Expenditure Account.

The Council's assets and liabilities are:

	31 March 2006 £m	31 March 2007 £m
Share of Liabilities in County Council Fund	(58.52)	(61.38)
Estimated Liabilities for Discretionary Added Years	(2.26)	(2.37)
Total Liabilities	(60.73)	(63.75)
Share of Assets in County Council Fund	36.19	39.27
Net Pensions Deficit	(24.59)	(24.48)

Liabilities have been valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the Fund discounted to their present value. The County Council Fund liabilities have been valued by Hewitt, Bacon and Woodrow, an independent firm of actuaries. The main assumptions used in the calculations are:

	31 March 2006 %	31 March 2007 %
Rate of Inflation	3.0	3.2
Rate of Increase in Salaries	4.5	4.7
Rate of Increase in Pensions	3.0	3.2
Rate of Increase to Deferred Pensions	3.0	3.2
Rate for Discounting for Pension Cost over the following year	4.9	5.3

Assets in the County Council Pension Fund are valued at fair value, principally market value for investments. They consist of the categories as set out below showing the percentage of the total assets held by the Fund by each category together with the long term expected rate of return:-

	31 March 2006 %	31 March 2007 %	Expected Return at 31 March 2007 %
Equity Investments	87	85	7.7
Government Bonds	7	8	4.7
Corporate Bonds	1	0	5.3
Property	2	2	6.7
Other Assets	3	5	5.6
	100	100	7.3

The movement in the net pension liability for the period is as follows:-

	31 March 2007 £m
Net Pensions Deficit as at 1 April 2006	(24.59)
Current Service Cost	(1.56)
Past Service Cost	(0.08)
Contributions Paid	1.97
Curtailment Cost	0.00
Other Finance Income (Charge)	(0.48)
Actuarial Gains (Losses)	0.26
Net Pensions Deficit as at 31 March 2007	(24.48)

The actuarial gains (losses) can be further analysed as follows:

	2006/2007 £m	%
Actual Return Less Expected Return on Assets	0.31	0.8% of Scheme Assets
Experience Gains and (Losses) on Pension Liabilities	(0.17)	(0.3)% of Pension Liabilities
Changes in Assumptions Underlying the Present Value of Pension Liabilities	0.12	0.2% of Pension Liabilities
Total	0.26	0.4% of Pension Liabilities

The above figures have been provided by the actuaries to the Durham County Council Pension Fund using information provided by the scheme and assumptions determined by the Council in conjunction with the actuary.

The last valuation of the Pension Fund (as at 31 March 2004) will result in the Council's employer contribution rate increasing to 400% in 2007/08.

Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties within a range of possible values.

The £24.48m net liability represents the difference between the value of the Council's Pension Fund assets at 31 March 2007 and the estimated present value of the future pension payments to which it was committed at that date. These pensions liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding them. Any significant changes in global equity markets after 1 April 2007 would also have an impact on the capital value of the pension fund assets.

Further information can be found in the Annual Report of Durham County Council Superannuation Fund and is available from the County Treasurer, Durham County Council, County Hall, Durham DH1 5UB.

9.7 Interest Receivable

Interest	2005/2006 £'000	2006/2007 £'000
Interest Received on External Investments	(308)	(395)
Interest Received on Employee Car Loans	(1)	0
Interest Received on Housing Advances	0	0
Interest Payable to Inland Revenue	0	1
Total Interest Received	(309)	(394)
Less Recharged to Other Accounts	53	61
Net Credit to Income and Expenditure Account	(256)	(333)

9.8 Premiums / Discounts on Early Redemption of Debt

The repurchase (early redemption) of external debt generates either a premium or discount as a result of interest rate differentials. Where the interest rate on a loan redeemed is higher than the prevailing rate available at the date of redemption, a premium is incurred, where it is below a discount is earned.

In accordance with recommended accounting practice, premiums and discounts incurred on such repayments are being amortised to revenue accounts over a number of years, as outlined in the Statement of Accounting Policies. The impact on revenue accounts is shown below:-

	2005/2006 £'000	2006/2007 £'000
General Fund Premiums	0	2
HRA Premiums	97	115
Total Charge	97	117

9.9 Minimum Revenue Provision

Under the terms of the Local Government and Housing Act 1989 the Council is required to charge its revenue accounts with an amount to provide for the repayment of external debt. The amounts, known as the Minimum Revenue Provision (MRP) included in the accounts are detailed below:-

	2005/2006 £'000	2006/2007 £'000
Actual Depreciation Charged to Revenue Accounts (Including Amortisation of Intangible Assets)	(716)	(1,219)
General Fund MRP (4% of Opening Capital Financing Requirement)	141	61
Excess Depreciation over MRP	(575)	(1,158)
Credit to Income and Expenditure Account	(575)	(1,158)

9.10 Acquired and Discontinued Operations

The information contained in the Income and Expenditure Account relates to continuing services. There have been no acquired or discontinued operations during 2006/2007.

9.11 Officers' Emoluments

The number of employees whose remuneration in 2006/07, excluding pension contributions, was £50,000 or more, in bands of £10,000 are as follows:-

Remuneration Band	2005/2006 Number of Employees	2006/2007 Number of Employees
£50,000 - £59,999	0	3
£60,000 - £69,999	1	1
£70,000 - £79,999	3	3
£80,000 - £89,999	-	-
£90,000 - £99,999	-	-
£100,000 - £109,999	-	-
£110,000 - £119,999	1	1

9.12 Members Allowances

During 2006/2007, the total sum paid to Members in respect of basic allowance and special responsibility allowance was as follows:-

Type of Allowance	2005/2006 £'000	2006/2007 £'000
Basic Allowance	139	139
Special Responsibility Allowance	39	37
Total	178	176

9.13 Insurance Provisions/Self Insurance

The Council self-insures its housing properties in respect of fire and storm damage and associated risks. There is, however, a limit of £50,000 on the total value of claims which can be met internally in any year. Claims above this figure are met by external insurers.

The balance on the insurance fund as at 31 March 2007 was £176,405. £50,000 is earmarked to cover the maximum cost of claims chargeable under the fire policy. The balance of £126,405 is available to meet the costs of certain events which may not result in claims to the Council's insurers.

9.14 Building Control Trading Account

The Building (Local Authority Charges) Regulations 1998 (SI 1998 No. 3129) require an authority to disclose information regarding the nature, turnover and profits/losses of the Building Control Account. The statement below shows the total cost of operating the Building Control service divided between the chargeable and non-chargeable activities for 2006/2007, the seventh year of the scheme. The Government requires the Building Control Trading Account to break-even over a three year period, subject to local authorities recovering at least 90% of their operating costs.

	Chargeable 2006/2007 £'000	Non Chargeable 2006/2007 £'000	Total Building Control 2006/2007 £'000
Expenditure:			
Employees	56	41	97
Supplies and Services	11	8	19
Third Party Payments	21	0	21
Direct Support Services	4	3	7
Indirect Support Services	14	10	24
	106	62	168
Income			
Building Control Fees	105	0	105
Building Control Notice	15	0	15
	120	0	120
Surplus/(Deficit) for the Year	14	(62)	(48)

9.15 Local Authority (Goods and Services) Act 1970

The Council is empowered by this Act to provide Goods and Services to other public bodies. During 2006/2007 the following services were provided:-

	2005/2006 £'000	2006/2007 £'000
Housing Maintenance Works for Housing Associations	1	1
Emergency Alarm Monitoring for Housing Associations	32	31
Vehicle Safety Checks and Servicing	2	3
Grounds Maintenance Works	3	1
	38	36

9.16 Related Party Transactions

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Details of transactions with government departments are set out in a note to the Cash Flow Statement.

During the year all Members, Chief Officers and Service Team Managers completed a specific declaration in respect of Related Party Transactions. In 2006/2007 no Chief Officer, Service Team Manager nor their close relations have undertaken any declarable transactions with the Council. A number of Members declared that either they or their spouse had positions with voluntary organisations funded by the Council. All payments were made with proper consideration of declarations of interest. Details of all these transactions are recorded in the Register of Members' Interest.

9.17 External Audit Costs

The Council has paid the following amounts to the Audit Commission in respect of external audit services:-

	2005/2006 £'000	2006/2007 £'000
Audit Fee	98	104
Inspection Fee	15	11
Grant Claims Audit	15	19
Other	3	2
	131	136

9.18 Earmarked Reserves

GENERAL FUND	2005/2006 £'000	2006/2007 £'000
Earmarked Reserves and Balances:-		
Insurance Reserve	109	176
General Fund LSVT Reserve	160	0
Miscellaneous Earmarked	841	1,128
Special Reserve	7	5
Unallocated Revenue Reserve	4	7
Section 106 Agreements	432	1,312
Developers Contributions	150	786
Capital Grants	142	184
Home Office Initiatives	22	1
Collection Fund	69	50
	1,936	3,649

9.19 Exceptional Items and Prior Year Adjustments

There were no exceptional items in 2006/2007.

With regard to Prior Year Adjustments, an amount of £158,801 has been charged to service revenue accounts to reflect the depreciation not charged in 2005/2006 following the revaluation of non-housing assets. This is in accordance with recommendations from our External Auditors to ensure the Balance Sheet as at 31 March 2007 reflects accurate asset valuations.

9.20 Fixed Assets

Movements on Fixed Assets 2006/2007

	Council Dwellings	Other land & buildings	Plant & Vehicles	Infra-structure	Community Assets	Investment Assets	Assets in Course of Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Certified Valuation as at 31 March 2005	173,616	18,293	1,895	798	1,518	2,878	3,214	202,212
Accumulated Depreciation and Impairment	(4,942)	(481)	(575)	(22)	0	0	(4)	(6,024)
Net Book Value of Assets at 31 March 2006	168,674	17,812	1,320	776	1,518	2,878	3,210	196,188
<u>Movement in 2006/2007</u>								
Additions	2,240	0	146	0	0	0	228	2,614
Disposals	(1,628)	(787)	0	0	0	(67)	0	(2,482)
Restatements	0	0	114	0	0	17	(131)	0
Revaluations	(1,029)	787	0	0	0	37	0	(205)
Depreciation	(4,882)	(770)	(374)	(21)	(12)	0	(22)	(6,081)
Impairments	(145)	(7)	0	0	0	0	0	(152)
Net Book Value of Assets at 31 March 2007	163,230	17,035	1,206	755	1,506	2,865	3,285	189,882

The annual revaluation of housing assets did not take place due to large scale voluntary transfer of the housing stock. The tenants' ballot which closed on 15 March 2007, voted in favour of the transfer and this was reported to Council on 22 March 2007. Council then resolved to proceed with the transfer of the housing stock.

In line with accounting practice, this must be recognised in the balance sheet as at 31 March 2007.

The effect of this would be to extinguish assets to the value of £163 million from the balance sheet which would have a negative valuation of £39 million.

Once transacted, this will have a notional effect on the income and expenditure account and on the housing revenue account, and outstanding loans will no longer be included in the balance sheet.

Disposal of Assets

Disposals relate to assets sold and transferred in the year and equal the value at which those assets were held in the Balance Sheet. Details are as follows:-

	2006/2007 £'000
(Right to Buy) Sales	1,628
Investment Assets	67
Other Land and Buildings	787
	2,482

Net Assets Employed

The net assets employed represents the aggregate of reserves attributable (both revenue and capital) to the Authority, and as such represent the sum of the local taxpayers' equity. An analysis of net assets employed is as follows:-

	31 March 2006 £'000	31 March 2007 £'000
General Fund	(708)	(3,190)
Housing Revenue Account	160,949	153,432
Direct Labour/Service Organisation	281	80
Collection Fund	69	51
	160,591	150,373

Valuation and Impairment

The value at which each category of assets is included in the balance sheet is required by FRS 11 to be reviewed at the end of each reporting period by a professionally qualified valuer. Where there is reason to believe that its value has changed materially in the period, the valuation is adjusted accordingly. An impairment review of the Council's Asset Register has been undertaken by the Valuation Office and no adjustments were required.

In line with the SORP, which requires demolitions to be treated as impairments, an impairment adjustment has been actioned in respect of the demolition of council dwellings and council garages.

Capital Expenditure and Financing 2006/2007

Expenditure on the acquisition of fixed assets and deferred charges was financed from the following sources:-

Capital Financing	£'000	Capital Expenditure	£'000
Major Repairs Allowance	2,376	Fixed Assets	8,707
Capital Receipts	1,480	Deferred Charges	2,760
Borrowing	4,906		
Government Grants	118		
Other Grants and Contributions	1,969		
Revenue	618		
	11,467		11,467

Capital Commitments

The Council has commitments of £2.472 million into 2007/08, of which £1.574 million has been contractually committed and £0.898 million approved but not yet contractually committed.

A summary of these commitments is shown below:-

	Expenditure Approved and Contracted at 31.3.07 £'000	Expenditure Approved but not Contracted at 31.3.07 £'000
Town Centre Regeneration Scheme	1,011	-
Riverside Investment Appraisal	-	25
Careline Equipment	105	-
Disabled Facilities Grants	50	-
Play Areas	60	-
Riverside Sports Pitches	-	25
Athletics Track	12	-
Fire Prevention Works	6	-
Bournmoor Churchyard	-	31
Civic Centre Works	-	200
IEG Schemes	125	17
Contribution to A693 Roundabout Works	100	-
Pelton Fell Relocation Grants	75	-
Pelton Fell Environmental Works	-	600
Pelton Fell – Other Works	30	-
	1,574	898

Statement of Physical Assets

Tangible fixed assets owned by the Council include the following:-

	31 March 2006	31 March 2007
Council Dwellings	4,383	4,331
Operational Buildings		
Civic Centre	1	1
Depots	2	2
Maintenance Stores/Depots	5	5
Recreational and Communal Rooms	15	15
Car Parks	15	15
Golf Club	1	1
Former Careline Control Room	1	1
Market	1	1
Greenhouses	1	1
Public Halls	2	2
Public Conveniences	3	3

	31 March 2006	31 March 2007
Leisure Centres (inc. pools)	1	1
Riverside Sports Pavilion	1	1
Childcare Nursery	1	1
Avenues Resource Centre	1	1
Garages	1,013	1,006
Operational Equipment		
Vehicles	16	16
Heavy Plant	21	21
Infrastructure Asset		
Roads and Sewers	5km	5km
Community Assets		
Parks and Open Spaces (acres)	56.6	56.6
Allotments	104	104
Cemetery Land (acres)	18.7	18.7
Investment Properties		
Industrial Units	57	57
Council Owned Shops	19	19
Community Centres	2	2
Mechanics Institute	1	1
Cricket Ground (Kimblesworth)	1	1
Donald Owen Clark Centre	1	1
Riverside Park Centre	1	1

9.21 Intangible Asset Charges

	31 March 2006 £'000	31 March 2007 £'000
Balance Brought Forward	56	361
Expenditure in Year		
GIS	23	19
Housing	42	0
E. Government/ICT	122	22
Environmental Services	16	0
Planning	10	0
Concessionary Fares	7	0
Environmental Health	6	0
Revenues and Benefits	79	18
Amounts w/o to Income and Expenditure Accounts	0	(149)
Balance Carried Forward	361	271

9.22 Long Term Debtors

	31 March 2006 £000	31 March 2007 £000
Car Loans	7	5

9.23 Stocks

	31 March 2006 £'000	31 March 2007 £'000
STOCKS		
Sacriston Depot	16	13
DLO – Joiners Shop	0	0
DLO – Bullion Lane Depot	198	124
Leisure Centre	5	7
	219	144

9.24 Short Term Investments

The Council invests its surplus cash balances for short periods ranging from 1 to 364 days in approved organisations such as banks and building societies. The value of investments at 31 March 2007 was £6.39m (£8.075m 31 March 2006). Details of short-term investments held at 31 March 2007 are as follows:-

	31 March 2006 £'000	31 March 2007 £'000
Abbey Business Reserve	2,000	1,000
Nationwide Building Society	1,000	
Derbyshire Building Society	1,600	
Bradford & Bingley plc	2,000	
Portman Building Society	1,475	
Co-operative Bank Reserve		1,390
Allied Irish Bank		2,000
Landsbanki Islands HF		2,000
Total	8,075	6,390

9.25 Debtors

The Debtors figure of £3,167,192.97 (£2,650,112.20) included in the Balance Sheet net of provisions for bad debts is analysed as follows:

	31 March 2006 £'000	31 March 2007 £'000
Government Departments	663	1,429
Other Local Authorities	251	87
Housing Rents	465	506
Sundry Debtors	702	465
Non-Domestic Ratepayers	503	335
Council Tax Payers	865	1,043
Former Rate Payers	151	0
Third Party Debtors	281	287
Sub Total	3,881	4,152
Less: Provision for Doubtful Debts	(1,231)	(985)
Total	2,650	3,167

9.26 Creditors

The Creditors figure of £2,806,240.56 (£2,516,842.52) included in the Balance Sheet is analysed as follows:

	31 March 2006 £'000	31 March 2007 £'000
Government Departments	591	1,001
Other Local Authorities	458	587
Sundry Creditors	1,096	1,074
Ratepayers	17	0
Third Party Creditors	355	144
Total	2,517	2,806

9.27 Borrowing Repayable Within 12 Months

Source of Loan	Year Ended 31 March 2006 £'000	Year Ended 31 March 2007 £'000
European Investment Bank	0	11
Total	0	11

9.28 Long Term Borrowing

At 31 March 2007 there were loans to the value of £18,759,647 (£14,640,985) which are repayable over a period of more than 12 months. These were raised from the following lenders:

	31 March 2006 £'000	31 March 2007 £'000
Public Works Loan Board	11,610	18,760
European Investment Bank	31	0
Other Financial Institutions	3,000	0
	14,641	18,760

Of the above (£18,759,647) are maturity loans and are scheduled to be repaid as follows:

	31 March 2006 £'000	31 March 2007 £'000
Between 1 and 2 years	0	0
Between 2 and 5 years	0	0
Between 5 and 10 years	3,000	0
Over 10 years	11,610	18,760
	14,610	18,760

The remaining loans are repaid on an annuity basis, with elements of principal and interest repaid half yearly over the life of the loan.

9.29 Deferred Charges

The treatment of Deferred Charges is explained in the Statement of Accounting Policies in 3.8 on page 15. Any balance outstanding at the year end is now classified as an intangible asset. Details for the year are as follows:-

	2005/2006 £'000	2006/2007 £'000
Balance at start of year	0	0
Expenditure	1,339	2,760
	1,339	2,760
Less amounts written off to:- Capital Financing Account	(1,339)	(2,760)
Balance at end of year	0	0

9.30 Provisions

Provisions are charged to services in the year in which they are recognised and relate to expenditure which is committed, but the specific amounts or date of transaction may be uncertain. Provisions for bad debts are shown as a reduction of the debtors to which they relate, rather than as financial provisions. The Council has no other provisions as at 31 March 2007.

9.31 Contingent Liabilities

On 30 September 1992, the Council's insurers, Municipal Mutual Ltd (MMI) ceased accepting new business. The Council's accounts show no amounts due from MMI at 31 March 2007. However, there are a number of outstanding claims in respect of third parties, and it is possible that these will not be met fully. Claims amounting to £429,434.41 have been paid by MMI up to 31 March 2007 and estimated outstanding claims as at that date amount to £19,500. There is a possibility that not all outstanding claims will be fully met and if the scheme of arrangements is triggered, a clawback may occur which could amount to the total value of claims paid less than £50,000.

The Council is currently subject to two claims for costs against the authority in respect of planning cases. Lawyers are engaged in the process and the potential liability is, at this stage, unknown. There is the possibility of cost resulting from another appeal, but this is not certain.

9.32 County Durham E-Government Partnership

An e-government partnership has been formally established as a joint committee, comprising Durham County Council and the seven District Councils in the county. Wear Valley District Council has been identified as the lead authority for the partnership, and has prepared the following financial summary:-

Income and expenditure account for the year ended 31 March 2007

	2005/2006 £'000	2006/2007 £'000
Balance as at 1 April 2006	174	1,115
Income		
Transfer from Durham County Council	702	0
Authority Contributions	1,084	545
Interest Earned	29	34
	1,989	1,694
Expenditure		
Expenditure in Year	874	860
Balance as at 31 March 2007	1,115	834

During 2006/2007, this Council contributed £45,216 towards the income of the partnership.

The balance sheet shows retained income brought forward of £1,115,000, which together with the net expenditure of £281,000 above, gives a balance carried forward of £834,000.

9.33 Investments in Related Companies

The Council has no investments in, or financial association with, any related businesses or companies.

9.34 Accounts Authorised for Issue

The 2006/07 Statement of Accounts were authorised for issue on 28 June 2007 by Councillor Alan Humes, Chairman of Chester-le-Street District Council.

9.35 Movement in Reserves

Reserve	Balance at 1 April 2006 £'000	Net Movement in Year £'000	Balance at 31 March 2007 £'000	Purpose
Fixed Asset Restatement Account	139,187	(8,756)	130,431	Store gains on revaluation of fixed assets
Capital Financing Account	40,252	(2,460)	37,792	Store of capital resources set aside to meet future capital expenditure
Usable Capital Receipts Reserve	1,564	(273)	1,291	Proceeds of fixed asset sales to meet future capital investment
Pensions Reserve	(24,590)	110	(24,480)	Balancing amount to allow inclusion of pension liability in balance sheet
HRA Reserve	1,893	(593)	1,300	Resources available to meet future running costs for council houses
General Reserve	349	41	390	Resources available to meet future running costs for non housing services
Other Earmarked Reserve	1,936	1,713	3,649	Reserves set aside for specific purposes/ commitments
Total	160,591	(10,218)	150,373	

9.36 Post Balance Sheet Events

Non-adjusting event:

On 25 July 2007 the Secretary of State announced that she was minded to implement a proposal for a single unitary council for County Durham if and when the Local Government and Public Involvement in Health Bill 2007 is enacted. Under this proposal this new Council would replace the existing County and District Councils in County Durham with effect from 1 April 2009. The District Councils in County Durham have applied for a judicial review of this proposal. All rights and obligations of the existing council would vest in the new council, if established.

9.37 Introduction to Cash Flow Statement

The Cash Flow Statement consolidates and summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

9.38 Reconciliation of Revenue Surplus / (Deficit) to Net Cash Flow

	31.3.06		31.3.07	
	£'000	£'000	£'000	£'000
SURPLUS / (DEFICIT) FOR THE YEAR		(346)		42
Non-cash Transactions				
Add Minimum Revenue Provision/Depreciation	2,455		2,555	
Provisions Set Aside	(30)		(246)	
Contributions to Reserves	2,260		1,923	
	4,685		4,232	
Less Contributions from Reserves	1,230	3,455	2,117	2,115
		3,109		2,157
Items on an Accruals Basis				
Add Increase in Stocks	(77)		74	
Increase in Debtors	64		(448)	
Increase in Creditors	(901)	(914)	54	(320)
		2,195		1,837
Items Classified Elsewhere in Cash Flow				
Transfer from Usable Capital Receipts	(2,907)		(1,161)	
Investment Interest	(280)		(377)	
Interest Paid	828	(2,359)	539	(999)
NET CASH FLOW FROM REVENUE ACTIVITIES		(164)		838

9.39 Other Government Grants

	31.3.06	31.3.07
	£'000	£'000
Major Repairs Allowance	2,217	2,376
Benefit Administration	361	460
WIBS Fraud Incentive	38	20
Verification Framework	71	0
Discretionary Housing Payment	4	7
Defective Homes	13	13
Local Area Agreement	134	78
Planning Delivery Grant	303	217
LPSA Reward Grant	0	194
Local Authority Business Growth Incentive	37	200
Communities for Health	0	100
Section 31 Grant – Absent Voters	0	9
Capacity Building Fund	343	3
Department for Work and Pensions	218	32
Total	3,739	3,709

9.40 Increase / (Decrease) in Cash Equivalents

	31 March 2006	31 March 2007	Movement
	£'000	£'000	£'000
Cash in Hand and at Bank	(390)	(1,785)	(1,395)

10. HOUSING REVENUE ACCOUNT**INCOME AND EXPENDITURE ACCOUNT**

Year Ended 31.3.2006		Notes	Year Ended 31.3.07	
£'000			£'000	£,000
	Income			
10,211	Dwelling Rents	10.2	10,505	
270	Non-Dwelling Rents		268	
190	Charges for Services and Facilities		248	
110	Contributions Towards Expenditure		179	
-	Housing Revenue Account – Subsidy Receivable		-	
-	Sums Directed by the Secretary of State that are		-	
-	Income in Accordance with UK GAAP		-	
10,781	Total Income			11,200
	Expenditure			
2,605	Repairs and Maintenance		2,826	
2,585	Supervision and Management		3,029	
17	Rents, Rates, Taxes and Other Charges		22	
1,455	Negative Housing Revenue Account Subsidy Payable	10.4	1,807	
5,010	Depreciation and Impairment of Fixed Assets	10.6	5,139	
602	Amortisation of Deferred Charges and Intangible Assets	10.6	23	
43	Debt Management Costs		43	
40	Increase in Bad Debt Provision	10.3	206	
12,357	Total Expenditure			13,095
1,576	Net Cost of HRA Services per Authority Income and Expenditure Account			1,895
278	HRA Services Share of Corporate Democratic Core		278	
0	HRA Share of Other Amounts included in the whole Authority Net Cost of Services not Allocated to Specific Services		0	
1,854	Net Cost of Services			2,173
0	(Gain) or Loss on Sale of HRA Fixed Assets			0
634	Interest Payable and Similar Charges			696
97	Amortisation of Premiums and Discounts			115
(43)	Interest and Investment Income			(50)
0	Pensions Interest Cost and expected return on pensions Assets			0
2,542	(Surplus) or Deficit for the Year on HRA Services			2,934

**STATEMENT OF THE MOVEMENT ON THE
HOUSING REVENUE ACCOUNT BALANCE**

Year Ended 31.3.2006		Year Ended 31.3.2007
£'000		£'000
2,542	(Surplus) or Deficit for the Year on the HRA Income and Expenditure Account	2,934
(3,358)	Net Additional Amount Required by Statute to be Debited or (Credited) to HRA Balance for the Year	(2,341)
(816)	(Increase) or Decrease in the Housing Revenue Account Balance	593
0	Transfer to/(from) Other HRA Earmarked Reserves	0
(1,077)	Housing Revenue Account Surplus Brought Forward	(1,893)
(1,893)	Housing Revenue Account Surplus Carried Forward	(1,300)

**NOTE TO THE STATEMENT OF MOVEMENT ON THE
HOUSING REVENUE ACCOUNT BALANCE**

Year Ended 31.3.2006		Year Ended 31.3.2007	
£'000		£'000	£'000
	Items included in the HRA Income and Expenditure Account but excluded from the movement on the HRA Balance for the year		
(602)	Difference between amounts charged to Income and Expenditure for amortisation of premiums and discounts and the charge for the year determined in accordance with statute	-	
-	Difference between any other item of income and expenditure determined in accordance with the SORP and determined in accordance with the statutory HRA		
	Gain or loss on sale of HRA fixed assets		
37	Net charges made for retirement benefits in accordance with FRS17	10	
(565)			10
	Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
(2,793)	Transfers to or (from) Major Repairs Reserve	(2,634)	
-	Transfers to or (from) Housing Repairs Account	0	
-	Transfers to or (from) other housing reserves	-	
-	Employer's contributions payable to the Local Government Pension Fund and retirement benefits payable direct to pensioners		
-	Voluntary set aside for debt repayment	-	
-	Impairment of Fixed Assets	(152)	
-	Capital expenditure funded by the HRA	435	
(2,793)			(2,351)
(3,358)	Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year		(2,341)

Notes to the Housing Revenue Account

10.1 Housing Stock

The Council owned 4,331 dwellings at 31 March 2007 (4,383 at 31 March 2006). The stock was made up as follows:-

	Houses	Flats	Bungalows	Total
Stock as at 1 April 2006	2,580	650	1,153	4,383
Sales	31	1	0	32
Reclassification	0	0	0	0
Demolitions	21	0	0	21
Disposals	0	0	0	0
Buy Back	1	0	0	1
Stock as at 31 March 2007	2,529	649	1,153	4,331

10.2 Rent Income

During the year 1.28% of properties were classed as void, compared with 1.18% in 2005/2006. The average rent in 2006/07 was £47.04 a week, compared with £44.88 in 2005/06. It incorporates an average increase of 5.00% applied on 1 April 2007.

10.3 Rent Arrears and Provision for Bad Debts

Rent arrears at 31 March 2007 amounted to £439k (£391k at 31 March 2006), which represents 4.2% (3.8%) of the gross rent debit after deducting voids.

An increased provision of £113k was made in 2006/2007 for uncollectable rent arrears, compared to an increase of £40k in 2005/2006. Bad debts amounting to £75k (£63k) were written off against this provision during 2006/2007. The net provision for uncollectable rent arrears at 31 March 2007 stands at £333k (£295k at 31 March 2006). In addition to the increase in the provision for rent arrears, an amount of £93k was included in respect of housing benefit overpayment.

	2005/2006 £'000	2006/2007 £'000
Arrears as at 31 March	391	439
Arrears as a % of debit (after deducting voids)	3.8%	4.2%
Increase in bad debt provision	40	113
Bad Debts Written Off	63	75
Net Provision for Bad Debts as at 31 March	295	333

10.4 HRA Housing Subsidy

	2005/2006 £'000	2006/2007 £'000
Management and Maintenance Allowance	4,882	5,413
Major Repairs Allowance	2,217	2,376
Charges for Capital	1,199	1,208
	8,298	8,997
Less:		
Notional Income on Rents	9,753	10,881
Adjustment re previous years	0	15
Add:		
Rent Constraint Allowance	0	92
Negative Subsidy Payable to Secretary of State	1,455	1,807

From 1 April 1990, by legislation, the Housing Revenue Account was “ring-fenced” and no discretionary transfers to or from the General Fund are permitted.

The calculation of Housing Subsidy is based on a “notional” Housing Revenue Account and is a negative amount i.e. payable to Central Government.

Following the Local Government Act 2003 the responsibility for Rent Rebate costs and subsidy have now transferred to the General Fund, with effect from 1 April 2004.

10.5 Cost of Capital Charge / Capital Financing Costs

The cost of capital charge is shown below:-

	2005/2006 £'000	2006/2007 £'000
Cost of Capital Charges	-	-
Interest Payable	634	696
CAPITAL ASSET CHARGE	634	696

Due to changes in recommended accounting practice no interest on capital value is chargeable as from 2006/2007. Previously a credit item equivalent to this notional interest was credited to the appropriation section of the Housing Revenue Account (HRA) in order to ensure a nil impact on the HRA. The interest paid on the use of internal loans is included in the HRA Operating Account, ensuring that the HRA only bears the actual net cost of interest paid. No debt repayments (the Minimum Revenue Provision – MRP) need to be charged to the HRA from 2004-05 onwards. As the MRP was fully reimbursed via subsidy, there is no net financial effect on the accounts.

10.6 Depreciation and Impairment Charge

The depreciation charge into the Housing Revenue Account for 2006/2007 amounted to £4,987k compared with £5,010k in 2005/06. An analysis is shown below:-

	2005/2006 £'000	2006/2007 £'000
Intangible Assets	0	23
Operational Property	45	93
Council Dwellings	4,942	5,027
Vehicles, Plant and Equipment	9	5
Infrastructure	14	14
Total Depreciation and Impairment Charge	5,010	5,162

The above includes an Impairment charge in 2006/07 amounting to £152k (Operational Property £7k and Council Dwellings £145k).

10.7 Capital Expenditure and Financing

The Council spent £5.286 million of Capital Expenditure during 2006/2007 on its Housing Revenue Account Assets, compared with £5.144 million in 2005/2006. An analysis is shown below:-

	2005/2006 £'000	2006/2007 £'000
Improvements to Council Dwellings	5,144	5,286
Other	0	0
Total Capital Expenditure	5,144	5,286

The above Capital Expenditure was financed as follows:-

	2005/2006 £'000	2006/2007 £'000
Major Repairs Allowance	2,217	2,376
Supported Capital Expenditure	298	190
Capital Receipts	2,535	181
Other Contributions	94	9
Borrowing	-	2,200
Revenue	-	330
	5,144	5,286

The Local Government Act 2003 introduced the Prudential Capital Regime which removed the controls previously placed on the Council's borrowing which was through the calculation of Basic/Supplementary Credit Approvals (controlling the amount of borrowing in any year). In its place the Central Government has allocated an amount (similar to the Basic/Supplementary Credit Approvals) called Supported Capital Expenditure which will attract Housing Subsidy support.

In 2006/2007 the Council received:-

	2005/2006 £'000	2006/2007 £'000
Council House Sales (Right to Buy Legislation)	4,185	1,628
Discount Recovered	33	62
Operational Property	80	55
Council Mortgage Repayments	4	1
	4,302	1,746

10.8 Movement on the Major Repairs Reserve

The movement on the Major Repairs Reserve during 2006/2007 was as follows:-

	2005/2006 £'000	2006/2007 £'000
Opening Balance	0	0
Amount transferred to Major Repairs Reserve (Depreciation)	(5,010)	(5,010)
Amount transferred from Major Repairs Reserve to HRA	2,793	2,634
Debits in respect of Capital Expenditure on HRA Assets	2,217	2,376
Closing Balance	0	0

10.9 Housing Assets Valuation

The Balance Sheet valuations of the Housing Revenue Account Assets are shown below:-

	Valuation at 31 March 2006 £'000	Valuation at 31 March 2007 £'000
Operational Assets	1,714	1,621
Council Dwellings	168,674	163,230
Infrastructure	508	493
Investment Property	203	203
Vehicles, Plant & Equipment	9	5
Assets In the Course of Development	0	105
Intangible Assets	64	41
Total Balance Sheet Valuation	171,172	165,698

The vacant possession value of the dwellings held in the Housing Revenue Account as at 1st April 2006 was £335,342,500. The vacant possession value and balance sheet value of dwellings within the HRA show the true economic cost to the Government of providing Council housing at less than open market rents.

10.10 Impairment

An Impairment charge has been actioned totalling £152k in respect of the demolition of Council Dwellings and Council Garages, £145k and £7k respectively.

10.11 Deferred Charges

There were no deferred charges attributable to the Housing Revenue Account in 2006/2007

10.12 Exceptional Items and Prior Year Adjustments

There were no Exceptional Items or Prior Year Adjustments in respect of the Housing Revenue Account for 2006/2007.

10.13 Pensions – FRS 17

In 2003/04 FRS 17 was not applied to the HRA on the basis that it was deemed inconsistent with legislative requirements at that time to show items not specifically specified as statutory debits and credits.

This has now been clarified and, from 2004/05 onwards, an adjustment has been made to the HRA in respect of current service cost only. This has had the effect of reducing 'Supervision and Management' - General by £10k in 2006/07 and by £37k in 2005/06. An equivalent amount is included in The Statement of Movement on the Housing Revenue Account Balance so that there is no impact on the (surplus)/deficit carried forward.

11. COLLECTION FUND

	2005/2006 £'000	2005/2006 £'000	2006/2007 £'000	2006/2007 £'000
INCOME				
Income due from				
Business Ratepayers		6,132		6,217
Council Tax	21,583		22,738	
Less				
Benefit	3,268		3,439	
Transitional Relief	0	18,315	0	19,299
Benefit				
Council Tax		3,268		3,439
Discounts		0		0
Government Grants		0		0
		27,715		28,955
EXPENDITURE				
Precepts				
Durham County Council	15,633		16,800	
Durham Police Authority	1,623		1,751	
Durham and Darlington Fire Authority	1,242		1,338	
Chester-le-Street District Council	2,881	21,379	3,102	22,991
Business Rates				
Payment to National Pool		6,083		6,168
Costs of Collection		48		49
Provision for Uncollectable Amounts		0		(116)
Contribution				
Previous Years' Community Charge		0		0
Previous Years' Collection Fund Surplus		0		0
		27,510		29,092
MOVEMENT ON FUND BALANCE		205		(137)
Surplus/(Deficit) on Fund brought forward		306		511
FUND BALANCE CARRIED FORWARD		511		374

Notes to the Collection Fund Accounts**11.1 General**

The Council Tax was introduced by the Government to replace the Community Charge with effect from 1 April 1993. It is a tax based on property values, which are grouped into eight bands. There is, however, a personal element to the tax in that adults living alone are entitled to a 25% discount.

11.2 Income from Business Rates

All business premises in the District have a rateable value. In order to calculate the Business rates payable for a particular business premises, its rateable value is multiplied by the National Non-Domestic Rate multiplier for the year. At 31 March 2007 the rateable value of all business premises in Chester-le-Street was £16,902,192 (£16,689,352 in 2005/06).

The National Non-Domestic Rate multiplier for the year was 43.3p and the new Small Business Non-Domestic Rate multiplier was 42.6p. The total rates charges were £6,217,234 (£6,131,768 in 2005/06).

All of the Business Rates collected from Chester-le-Street businesses are paid into a National Pool. The pool is then redistributed (based on a standard amount per head of population) and Chester-le-Street's share is paid directly into the Council's General Fund. The Council received £4,103,002 in 2006/07 (£1,539,568 in 2005/06) and this is shown in the Consolidated Revenue Account.

11.3 Calculation of Tax Base

The Council Tax Base is calculated by taking the total number of domestic properties in the area and then adjusting this figure to take account of properties where no Council Tax or a reduced level of Council Tax is payable. This produces an equivalent number of properties in Band D, which can then be used to work out how much money can be collected from local tax payers. From the table set out below, it can be seen that every time the Council Tax is increased by £1 an extra £17,226 would be collected assuming a 100% collection rate and £16,968 would be collected assuming a 98.5% collection rate.

Band	Net Properties	Ratio to Band D	Band D Equivalent
A – Relief	21.00	5/9	11.67
A	11,265.75	6/9	7,510.50
B	2,574.60	7/9	2,002.47
C	4,112.80	8/9	3,655.82
D	1,934.40	9/9	1,934.40
E	1,070.70	11/9	1,308.63
F	287.55	13/9	415.35
G	222.15	15/9	370.25
H	8.75	18/9	17.50
	21,497.70		17,226.59
Adjustment for Collection Rate		(98.5%)	16,968.19

11.4 Precepts or Demands on the Fund

The following parish precepts were levied against the Council's General Fund:-

Preceptor	2005/2006 £	2006/2007 £
Bournmoor	11,550	12,000
Great Lumley	16,500	18,000
Little Lumley	6,000	6,000
Ouston	7,000	9,000
Edmondsley	1,200	1,200
Kimbleworth/Plawsworth	8,000	8,500
North Lodge	16,000	18,000
Pelton	37,000	39,000
Sacriston	31,500	30,000
Waldridge	20,000	20,700
Urpeth	17,500	19,000
Total – Parish Precepts	172,250	181,400

11.5 Collection Fund Balance and Previous Year's Surplus

The Council Tax element of the Collection Fund Balance at 31 March 2007 (a surplus of £374k) will be redistributed in subsequent years to the District Council, Durham County Council, the Police Authority and the Fire and Rescue Authority in proportion to the precepts and demands made upon the Collection Fund.

Chester-le-Street District Council, as the billing authority, is required by statute to forecast the estimated (surplus) or deficit on the Collection Fund each year in December and to use that (surplus) or deficit in determining the following year's Council Tax demand. The forecast for 2006/2007 estimated a surplus of £525,867 as at 31 March 2006. A similar forecast in relation to the financial year 2007/2008 indicated a surplus of £322,191 at 31 March 2007 and therefore this figure was factored into the Council tax setting for 2007/2008. The table below shows the actual fund balance at the two year ends, together with details of the surplus that has been used in determining the 2007/2008 Council Tax, the residual balance being available in 2008/2009 and beyond.

	Year Ended 31 March 2006 2005/2006 £	Year Ended 31 March 2007 2006/2007 £	(Surplus)/ Deficit Applied in 2007/2008 £	(Surplus)/ Deficit Available for 2008/2009 £
Chester-le-Street District Council	68,819	50,541	43,486	7,055
Durham County Council	373,426	273,626	235,427	38,199
Durham Police Authority	38,774	28,511	24,530	3,981
Durham Fire and Rescue Authority	29,653	21,790	18,748	3,042
Total	510,672	374,468	322,191	52,277

12. STATEMENT ON INTERNAL CONTROL

12.1 Scope of Responsibility

Chester-le-Street District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Chester-le-Street District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, Chester-le-Street District Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Chester-le-Street District Council's functions and which includes arrangements for the management of risk.

12.2 The Purpose of the System of Internal Control

12.2.1 An internal control system encompasses the policies, processes, tasks, behaviours and other aspects of the organisation that taken together:-

- a) Facilitate its effective and efficient operation by enabling it to respond appropriately to significant risks to achieving the organisation's objectives;
- b) Help to ensure the quality of internal and external reporting, and
- c) Help to ensure compliance with relevant laws and regulations, and internal policies with respect to the conduct of business.

12.2.2 The system of internal control is designed to manage risk reasonably rather than to eliminate all risk of failure to achieve the Council's policies, aims and objectives. It can, therefore, only provide reasonable, and not absolute, assurance of effectiveness.

The system of internal control is based upon an ongoing process designed to:-

- a) Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives;
- b) Evaluate the likelihood of those risks being realised, and the impact should they be realised; and
- c) Manage them efficiently, effectively and economically.

The system of internal control has been in place at Chester-le-Street District Council for the year ended 31 March 2007, and up to the date of approval of the annual report and accounts.

12.3 The Internal Control Environment

The internal control environment supports the Council in establishing, implementing and monitoring its policies and objectives. It comprises a framework of policies, procedures, rules, delegation and accountability, management supervision and management information.

The key elements of the internal control environment are described below:-

12.3.1 Establishing and monitoring the achievements of the Council's objectives

- a) The first Community Strategy for the District was originally published in March 2004, the updated Sustainable Community Strategy for 2006-16 was agreed by the Local Strategic Partnership on 23 May 2006. The strategy is supported by an action plan which will be performance managed by the LSP. The updated Sustainable Community Strategy has clearer actions and targets.
- b) The Council's 2006-2009 Corporate Plan (including Best Value Performance Plan) was agreed by the Council on 25 May 2006 and published on 30 June 2006. The Corporate Plan for 2007/2010 will be presented to Council on 28th June 2007 and will be published by 30 June 2007.

12.3.2 The Corporate Plan incorporates the Council's Best Value Performance Plan and sets out its key objectives. It identifies the Council's seven agreed priorities and clearly sets out how these will be achieved. The Plan details what the Council has achieved during the previous year; how it has performed against its agreed performance targets; where planned outcomes have not been achieved, the plan explains why and what the authority intends to do about this.

- a) Individual Service Plans which seek to achieve the Council's contribution to the Sustainable Community Strategy as well as the vision and priorities within the Council's Corporate Plan. All service plans have been fully revised in 2006/7 and now incorporate a service risk analysis and a Value for Money assessment.
- b) The Council's Improvement Programme is largely based on the Improvement and Recovery Plan. Phase 2 of the plan is all on target for completion by the agreed timescales.
- c) The Council was subject to a Corporate Performance Assessment in February 2007. This concluded that the authority has made significant progress since its corporate assessment in 2003 and is now a "good" Council.

- d) Quarterly Corporate Performance monitoring reports are made to the Executive, showing how the Council is performing and its progress in respect of achieving the outcomes set out in the Corporate Plan and the Improvement and Recovery Plan (2). The reports have adopted a holistic and cross cutting approach to performance including finance, risk and data quality. The reports are subsequently considered by all the council's Scrutiny Panels. Monitoring is supported by quarterly Performance Clinics which focus on key areas where improvement is required.

12.3.3 The facilitation of policy and decision making

- a) The Council's Constitution, approved originally by the Council on 26 May 2005, provides a general framework for governance. The Constitution sets out:-
- › Decision making processes
 - › Roles and responsibilities of Members
 - › Roles of Statutory Officers
 - › The responsibility for functions
 - › The scheme of delegation
 - › Council procedure rules including financing regulations and Contract Standing Orders
 - › Members' Code of Conduct
 - › Code of Conduct for Council Employees
 - › Confidential reporting code (Speak Out/ Whistle Blowing Policy)
 - › Member/Officer Protocol
 - › Monitoring Officer Protocol
 - › Corporate Commendation, Comments and Complaints Scheme
 - › Local Code of Conduct for Members and Officers Dealing with Planning Matters
 - › Local Code of Corporate Governance
 - › Anti-fraud and Anti-corruption Policy and Strategy
 - › Members' Allowances
 - › Management Structure
 - › Standards Committee
- b) The constitution was subject to review during 2005/6 and minor amendments were approved by Council on 25 May 2006. The outcome of the 2006/7 annual review will be considered by Council during the summer period of 2007.
- c) The Executive meets monthly and has a Forward Plan identifying key decisions. The Executive has to make decisions which are in line with the Council's overall policies and budget; if the Executive wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council.
- d) The Standards Committee met regularly throughout the year. Representatives attended the annual assembly at Birmingham and also received further local training.

- e) The Overview and Scrutiny Panels monitor and scrutinise the decisions of the Executive. They can 'call in' a decision which has been made by the Executive but not yet implemented. This enables them to consider whether the decision is appropriate. They may recommend that the Executive reconsiders the decision and can insist the matter is referred to Council.

The Overview and Scrutiny Panels have responsibility for commissioning and carrying out fundamental service reviews as part of the implementation of Best Value. They allow members of the public to have a greater say in Council matters by holding investigations into matters of local concern. These lead to reports and recommendations which advise the Executive and the Council as a whole on its policies, budget and service delivery. During 2006 a review of Scrutiny was undertaken; the outcome of this was that the work of the Panels is now firmly aligned with council priorities.

The report of the Council's recent CPA concluded that "scrutiny is effective. Scrutiny Panels influence policy, recognise good performance and challenge poor performance."

12.3.4 Ensuring compliance with established policies, procedures, laws and regulations, including how risk is embedded, how leadership is given to the risk management process and how staff are trained to manage risk

- a) The Legal and Democratic Services Manager is the Monitoring Officer. The Monitoring Officer Protocol clearly describes the functions of the Monitoring Officer and how the Council expects him to discharge his functions. The Monitoring Officer provides support to the Standards Committee. He is responsible for reporting any actual or potential breaches of the law or maladministration to Full Council and/or the Executive and for ensuring that procedures for recording and reporting key decisions are operating effectively.
- b) The Council's CPA inspection report stated that "the Council's systems to secure ethical governance work well; actions taken help to secure high ethical standards".
- c) The Scheme of Delegation and Contract Standing Orders were updated as part of the review of the Constitution and the changes were approved by Council on 25 May 2006.
- d) There is an Approved Anti-fraud and Anti-corruption Strategy.
- e) The Authority has an independent Internal Audit function which examines, evaluates and reports on the adequacy of internal control; internal audit assess exposure to risk and recommends, where appropriate, practical improvements to the control environment.

- f) The Audit Committee reports to Council. It is responsible for promoting and maintaining sound Corporate Governance, strong internal controls, probity and the effective use of resources. It has rights of access to all the information it considers necessary and can consult freely with Internal and External Auditors. The Committee is responsible for monitoring the performance of Internal and External Audit and receives reports on the conclusions of their audit activities.
- g) The Risk Management Policy and Strategy was updated for 2006-07 with changes approved at CMT on 22 March 2006. The strategy clearly sets out the Council's Risk Management Framework, roles and responsibilities, risk management arrangements, action plan and monitoring and reporting arrangements. The 2006/07 Action Plan was completed successfully.
- h) The 2007 review of the Strategy will be timed for inclusion with the forthcoming review of the Council's local governance arrangements following publication of the recommended Cipfa/Solace guidance which it is anticipated will be launched during June 2007.
- i) The inclusion of risk as a mandatory item within all reporting protocols is now well established and has contributed to the decision making process.
- j) Members and Managers have been trained in risk management. This included the role of risk management; the Council's Risk Management Strategy and arrangements; the business risk assessment process; and the development of service risk profiles. A Risk Management Toolkit has been adopted and included in the new Risk Management Manual.
- k) The Council's Strategic Risk Profile has been updated as part of the corporate planning cycle and shall be subject to a further full scale review during 2007 as part of a wider review of the Council's key priorities.
- l) Corporate Management Team receives monitoring reports and has allocated lead Chief Officer responsibility for risk management to the Director of Resources.
- m) The CPA inspection concluded "the Council has a thorough approach to risk management. The Council is aware of the risks to which it is exposed and is working to manage those risks"
- n) The last Use of Resources assessment stated "Risk Management is embedded at the Council and internal control arrangements are generally sound".
- o) The CPA report stated "the Council has put in place data recovery arrangements for all of its computer network and a business continuity plan is in place."

- p) All key Managers have received project management training.
- q) In order to strengthen partnership working the Council has acquired a partnership toolkit, with the support of the NECE, which provides guidance on partnership formation, management and evaluation. This will assist the partnership review process programmed for 2007-08.
- r) A Data Quality Strategy was adopted by the council in November 2006 and its implementation is now being monitored.
- s) The CPA inspection stated that “the Council’s arrangements to secure data quality are effective and improving. The Council formalised its data quality policy in July 2006.”

12.3.5 Ensuring the economical, effective and efficient use of resources and for securing continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency, effectiveness.

- a) An Improvement and Recovery Plan was agreed following the Council’s 2003 Comprehensive Performance Assessment (CPA). Progress has been monitored by an internal Programme Management Board which meets monthly and reports progress to the Executive.
- b) Performance against Best Value Performance Indicators and locally agreed performance targets monitored and reported to Corporate Management Team and the Executive.
- c) Customer Excellence Strategy, incorporating customer service standards.
- d) The Service Improvement Team was set up to review performance and assist with improvement in service areas. The Council has implemented a Continual Process Improvement methodology to drive sustainable improvement which is being rolled out across the organisation.
- e) The 2007 CPA report concluded that “the Council has successfully used continual process improvement (CPI) to secure improvement“, and that “the Council is receptive to external challenge from other organisations and has responded positively to inspection reports. It has sought external challenge from other organisations and has acted on the advice offered and secured improved performance.”
- f) A prioritisation system for all budgetary growth bids is incorporated in the Medium Term Financial Strategy and is an integral part of the authority’s service and financial planning framework.
- g) A comprehensive performance management system – ‘Performance Plus’ has been implemented throughout the Authority.

- h) Annual Efficiency Statements – backward look for 2005/6 produced and forward look for 2006/7 and 2007/8 submitted showing how efficiency targets have been and will be achieved.
- i) The Council is committed to joint working and this is fundamental to the Council's priorities. The Council has worked with the County Durham e-Government Partnership – to improve service delivery. It has played a key role in the development and subsequent implementation of the Local Area Agreement signed in March 2006. The Council's neighbourhood management pilot has engaged other service providers such as the police in joint service delivery on a local level.
- j) The Council's Procurement Strategy and action plan is supported by the joint working arrangement with Derwentside District Council. The strategy is monitored by the Procurement Strategy Group (PSG) and delivered through the Procurement Strategy Network (PSN).
- k) The Resources Directorate has actively supported the work of the North East Centre of Excellence during 2006/7 with the objective of sharing best practice and the development of initiatives to deliver long term efficiencies.

12.3.6 The financial management of the authority and the reporting of financial management

- a) The Director of Resources, as S151 Officer, is responsible for the proper administration of the Authority's financial affairs; setting and monitoring compliance with financial management standards; advising on the corporate financial position and on the key controls necessary to secure sound financial management; the Council's financial systems; reporting on the adequacy of reserves and the robustness of the budget estimates; providing financial information; preparing the revenue budget and capital programme; treasury management; and the medium term financial strategy.
- b) Monthly monitoring reports are provided for all budget holders and accounting staff meet regularly with budget holders to discuss variances and agree appropriate action; all budget holders have access to the Council's financial management system and have been trained in its use.
- c) Quarterly financial monitoring reports are submitted to the Executive and the Overview and Scrutiny Committees – covering both revenue budgets and the capital programme.
- d) Financial Regulations have been revised to clarify and improve the Authority's financial management arrangements.
- e) The Council has a Medium Term Financial Strategy which underpins the Council's Corporate Plan and provides the means by which we intend to achieve our vision and priorities and ensures priority based budgeting.

- f) The last Use of Resources assessment concluded that “the Council has taken effective action over the past two years to ensure that its Medium Term Financial Strategy, budgets, and capital programme are soundly based and are designed to deliver its strategic priorities. Performance is actively managed against budgets and the Council manages its asset base”.

12.3.7 Performance management of the Authority and reporting of performance

- a) Monthly performance monitoring reports on the Improvement and Recovery Plan progress and on performance targets are considered by the Executive. Chief Officers have individual responsibility for key themes within the Improvement and Recovery Plan and report on these to each meeting of the Executive.
- b) Corporate, computerised performance management system (Performance Plus) implemented. The outcome of the CPA concluded that the Council is performing well in performance management. The CPA report commented that “joint performance management arrangements with partners help the Council and its partners to monitor the delivery of shared objectives. The Council has a robust performance management framework. The Council’s performance management practices identify and target areas of poor performance.”
- c) Each member of staff and the majority of Members have Personal Development Plans (PDPs), agreed with his/her Line Manager, linking individual performance to Service Plans, which in turn links to the Community Strategy.
- d) Within an extensive Organisation Development programme, the authority has introduced management competency frameworks which have been applied to all managers and supervisors with effect from April 2006.

12.4 Review of Effectiveness

12.4.1 Chester-le-Street District Council has responsibility for conducting, at least annually, a review of the effectiveness of the systems of internal control. The review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the Senior Managers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also comments made by the External Auditors and other Review Agencies and Inspectorates.

- a) Full Council reviewed the Constitution, including Contract Standing Orders and Financial Regulations in May 2006; considered the 2005/6 Annual Audit and Inspection Letter in April 2007 ; considered and agreed the Council’s Corporate Plan, incorporating its Statutory Best Value Performance Plan in May 2006 and reports from the Audit and Standards Committees throughout the year.

- b) Training on all aspects of the Constitution including financial regulations is a regular feature within the approved Corporate Training Programme.
- c) The Executive received regular reports on performance throughout 2006-07
- d) The Directors and Service Team Managers within the Authority are responsible for the design, implementation and maintenance of the systems under their control, and thereby they monitor the systems to determine their continued relevance and the effectiveness of controls. Directors and Service Team Managers were tasked with providing assurance statements on the operation of controls in their service areas.
- e) There were no s151 or Monitoring Officer reports issued during 2006/7.
- f) There were no Ombudsman reports in 2006/7. The Council arranged training for managers by the Ombudsman Service in 'Effective complaints handling and investigation' which took place in February 2007. In a recent case the Ombudsman commented that what he had received from officers was 'one of the clearest and comprehensive responses that I have seen from a council for a very long time'.
- g) As part of its preparation for the transfer of its housing stock, the Council has set up a Shadow Board to develop the new organisation and facilitate the transfer. The Board comprises 15 members: five from the Council, five tenants and five independent members.
- h) In accordance with Regulation 6 of the Accounts and Audit Regulations 2006, the Council has conducted a review of the effectiveness of its system of internal audit. The review consisted of a self-assessment carried out by the Chief Internal Auditor, supported by a peer review from a Head of Internal Audit at a neighbouring authority. Both reports agreed that the Council's arrangements for internal audit were effective; however minor improvements are necessary to update some aspects of internal audit in line with new guidance. The findings of these reports were considered by Audit Committee on 15th June 2007.
- i) A review of Internal Audit was carried out by the Audit Commission during 2006 /07 which concluded that the Council has appropriate constitutional and management arrangements in place for the Internal Audit Service. Again, minor recommendations to improve the service were made and have been incorporated into the Internal Audit Service Plan.

- j) The Annual Report of the Chief Internal Auditor 2006/07, which summarises the outcome of all audit assignments, was reported to Audit Committee on 15th June 2007 and the overall opinion was that the control environment has improved to a position where it is both adequate and effective. Action plans to rectify weaknesses that were identified by the audit process were approved and monitored by Audit Committee on a quarterly basis.
- k) The Corporate Governance Steering group coordinated the completion of the Statement of Internal Control and production of the Managers' Assurance Statements including the development of a resulting action plan for submission to the Audit Committee.
- l) Contingent liability – the Council is currently subject to two claims for costs against the authority in respect of planning cases. Lawyers are engaged in the process and the potential liability is, at this stage, unknown.

12.5 Significant Internal Control Issues

Several control issues have been identified, these and the associated actions to address them are detailed below:-

12.5.1 Corporate Governance

Issue: The Council's Constitution includes a Local Code of Corporate Governance. In June 2007 new guidance is expected to be published which will require the Authority to review its governance framework and update its local code.

This will provide an opportunity to review and improve systems and processes including the role of the Corporate Governance Steering Group and to further embed sound governance within the performance management framework.

Action: To review existing Corporate Governance arrangements including the local code following publication of the new guidance.

12.5.2 Risk Management

Issue: Ensuring that the Risk Management Strategy reflects changing demands.

Action: A review of the current strategy will be undertaken as part of the broader review of local governance planned for early 2007-08.

A full review of the Council's Strategic Risk Profile will be undertaken with senior managers and members as an integral part of the forthcoming review of key priorities.

Issue: Whilst Strategic Risk Management has robust mechanisms and the service planning process now includes risk assessment, Service Teams do not formally report progress with the management of service level and partnership risks during the year.

Action: The deployment of risk software during 2007-08 to facilitate regular risk monitoring and reporting.

A further round of training based on the application of the competency framework to ensure that all managers are adequately trained to apply risk management principles and methodologies.

12.5.3 Business continuity

Issue: Work needs to continue to ensure that the Authority's Business Continuity requirements are fully reflected and embedded within the service planning and delivery processes, are kept up to date and are subjected to regular testing.

Action: An action plan has been agreed with the Emergency Planning Unit to review and update the plan on a cyclical basis, and in particular to: update the accommodation strategy; assess critical supply chain issues; identify key staff skills and provide a training programme for 2007-08.

12.5.4 Value for Money

Issue: The Council has a corporate approach to assessing value for money as part of the service planning and budget cycle, but many of the plans to improve value for money have not had the chance to demonstrate any impact.

Action: Develop and embed the Council's service planning and budget setting cycle to sustain a clear focus on value for money

12.5.5 Procurement

Issue: The Council has put in place building blocks for effective procurement but these need to be embedded.

Action: Progress the Procurement Strategy Action Plan to ensure the Council can maximise the benefits of effective procurement practice.

12.5.6 Asset Management

Issue: Work is needed to improve the corporate approach to asset management.

Action: Develop the corporate asset management plan and implement actions to address the areas for improvement identified in the Use of Resources Assessment.

12.5.7 Financial Management and Systems

Issue: Work is needed to improve the Use of Resources Assessment in respect of financial reporting, financial management and financial standing.

Action: Implement the action plan to address the recommendations for improvement identified in the last Use of Resources Assessment

12.5.8 Standards

Issue: The Standards Board for England has recently produced new guidance on the revised Model Code of Conduct for Members.

Action: In addition to circulation of guidance, further dissemination of information will be undertaken including additional training and the Constitution will be amended to include the new code.

Issue: The Council's Whistle-blowing arrangements have been in place for several years and are due for review.

Action: To present recommendations to Corporate Management Team and members regarding changes to the policy.

We have been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Authority, the Executive, the Overview and Scrutiny Committees, the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

Chief Executive _____ Date: _____

Leader: _____ Date: _____

13. THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

13.1 The Authority's Responsibilities

Chester-le-Street District Council is required:-

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Resources.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the statement of accounts.

13.2 The Director of Resources' Responsibilities

The Director of Resources is responsible for the preparation of the authority's statement of accounts which in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code of Practice') is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2007.

In preparing this statement of accounts the Director of Resources has;

- selected suitable accounting policies and then applied them constantly
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice

The Director of Resources has also

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Director of Resources

I certify that the statement of accounts present fairly the financial position of the authority at 31 March 2007 and its income and expenditure for the year then ended.

Director of Resources

Date

Certificate of the Chair of Meeting Approving the Accounts

I confirm that the accounts were approved by the Council at the meeting held on 28 June 2007.

Chairman of the Council

Date

14. GLOSSARY OF TERMS USED IN THE FINANCIAL STATEMENTS

Accounting Bases

The methods developed for applying the fundamental accounting concepts to financial transactions and items, for the purposes of financial accounts, and for determining the accounting periods in which costs and revenues should be recognised, and the amounts at which items should be stated in the balance sheet.

Accounting Concepts

The broad basic assumptions which underlie the periodic financial statements. At present these fundamental accounting concepts are: materiality, going concern, matching, consistency, prudence and substance over form.

Accounting Policies

The specific accounting bases selected and consistently followed by an organisation as being, in the opinion of management, appropriate to its circumstances and best suited to present fairly its results and financial position.

Account and Audit Regulations 1996

The current set of regulations that detail the accounts need, how they should be published, right of electors and the conduct of the annual statutory audit.

Appropriations

Transferring of an amount between specific reserves in the Income and Expenditure Account.

Asset Charges

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

Audit Commission

A statutory body which oversees the conduct of local authority statutory audits.

Bad (and doubtful) debts

Debts which may be uneconomic to collect or unenforceable.

Balance Sheet

A balance sheet is an accounting statement that shows the financial position (that is assets, liabilities and funds) of an organisation at a particular date (the balance sheet date).

Best Value

A duty on local authorities to secure best value on all aspects of service provision. This duty requires councils to ensure that they are providing the best possible services to the public.

Best Value Accounting Code of Practice (BVACOP)

A modernisation of local authority accounting and reporting to ensure that it meets the changing needs of modern local government; particularly the duty to secure and demonstrate best value in service provision.

Budget Requirement (or Revenue Budget)

An amount each authority estimates as its planned spending, after deducting any funding from reserves and any income it expects (other than from council tax and general Government grants).

Capital Charges

Charges to revenue accounts reflecting the cost of fixed assets used in the provision of services. They consist of depreciation.

Capital Expenditure

Expenditure on the acquisition of fixed assets or expenditure that adds to the value of fixed assets or increases the useful life of the asset.

Capital Financing Account

This reserve provides a balancing mechanism between the different rates at which assets are depreciated and financed.

Capital Receipts

Proceeds from the sale of a fixed asset or the repayment of an advance made by the Council. A certain proportion of such receipts must be set aside as a provision for credit liabilities (known as reserved capital receipts). The remainder (known as usable capital receipts) can be used to finance capital expenditure.

Cashflow Statement

This financial statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

CIPFA/LASAAC Code of Practice on Local Authority Accounting 2006

The Statement of Recommended Practice (SORP) applicable to preparing the 2006/07 accounts.

Collection Fund

A statutory account which billing authorities have to maintain for the collection and distribution of amounts due in respect of Council Tax, Non-Domestic Rates and residual Community Charge.

Community Asset

Those fixed assets that the local authority intends to hold in perpetuity and have no determinable useful life e.g. parks and historic buildings.

Consistency

The concept that consistent accounting policies should be applied both within the accounts for a year and between years.

Income and Expenditure Account

This statement reports the net cost for the year of the functions for which the authority is responsible, and demonstrates how that cost has been financed from general Government grants and income from local taxpayers.

Contingency

An event which exists at the balance sheet date, where the outcome will be confirmed by the occurrence or non-occurrence of one or more uncertain future events. A contingent gain or loss is a gain or loss dependent on a contingency.

Council Tax

A banded property tax which is levied on domestic properties throughout the country.

Council Tax Benefit

Financial assistance available to residents on a low income that are liable for Council Tax. The majority of the cost to the Council of these benefits is reimbursed by Central Government Grant.

Credit Approvals (Supported Borrowing)

Credit approvals are issued by the Secretary of State and provide authority not to charge expenditure for capital purposes to the revenue account. Provision for the revenue implications of this borrowing is factored into the Government's Revenue Support Grant formula.

Creditors

Amounts owed by the Council for work done, goods received or services rendered to the Council during the accounting period, but for which payment has not been made as at the balance sheet date.

Current Asset

An asset which is expected to be disposed of, utilised or realised within twelve months of the balance sheet date.

Current Liability

A liability which is expected to be met within twelve months of the balance sheet date.

Debtors

Amounts due to the Council which relate to the accounting period and have not been received by the balance sheet date.

Deferred Capital Receipts

Proceeds from the sale of fixed assets which will be received in instalments over an agreed period of time.

Deferred Charges (Intangible Fixed Asset)

Deferred charges comprise expenditure which may be capitalised, but which does not create a tangible fixed asset.

Deferred Liabilities

Deferred liabilities consist of liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

Department of Works and Pensions (DWP)

Government department that administers the welfare benefits system and reimburses the Council for benefit payments paid to individuals for Housing benefit; Rent allowances and Council Tax Benefit.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset whether arising from use, effluxion of time or obsolescence through technological or market changes.

Direct Service Organisation

Staff employed directly by local authorities to carry out works of repair, maintenance, construction etc.

District Auditor

The Audit Commission's directly employed provider of external audit services.

Earmarked Reserves

These reserves represent the monies set aside that can only be used for a specific usage or purpose.

Financial Reporting Standards (FRS)

These are common standards of accounting practice issued by the Accounting Standards Board.

Fixed Assets

Tangible assets that yield benefits to the authority and the services it provides for a period of more than one year.

Fixed Asset Restatement Account

This reserve is required to balance the balance sheet when fixed assets are revalued or written out upon disposal.

General Fund

The main revenue account of the Council, which brings together all income and expenditure other than recorded in the Housing Revenue Account, DSO Accounts and the Collection Fund.

Going Concern

The concept that a local authority's services will continue to operate in the foreseeable future.

Government Grants

Assistance by Government and inter-government agencies in the form of cash or transfers of assets in return for past or future compliance with certain conditions.

Housing Benefits

Financial assistance paid to tenants on a low income to help pay their rent and service charges.

Housing Revenue Account

This account reflects the statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue account expenditure and income.

Housing Subsidy

A grant from or payment to Central Government in connection with the operation of the Housing Revenue Account.

Intangible Fixed Assets

Capital expenditure which may be capitalised, but which does not create a tangible fixed asset.

Leasing

Leases and hire purchase contracts are means by which companies obtain the right to use or purchase assets. A finance lease is a lease that transfers substantially all the risks and rewards and ownership of an asset to the lessee. An operating lease is a lease other than a finance lease.

Long Term Investments

Amounts invested by the Council for a period of more than one year.

Major Repairs Allowance

This amount represents the amount payable to local authorities to help tackle the backlog of repairs in council housing.

Matching

The accounting concept that revenue and costs are recognised as they are earned and incurred, not as money is received or paid.

Materiality

The concept that any omission from or inaccuracy in the statements of account should not be large enough to affect the understanding of those statements by the reader.

Minimum Revenue Provision

The minimum amount which must be charged to an authority's revenue accounts and set aside as a provision to repay external debt.

National Non-Domestic Rates

Also known as business rates, this is the means by which local businesses contribute to the cost of local authority services. All business rates are paid into a central pool. Authorities receive a share of this central pool based on the number of residents in their area.

Non-Operational Assets

Fixed assets held by the local authority but not directly occupied, used or consumed in the delivery of services.

Operational Assets

Fixed assets held, occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory responsibility or discretionary responsibility.

Precepts

Precepts (or council tax income) are amounts levied on billing authorities which collect the tax on behalf of other authorities such as county councils and parish councils.

Prior Year Adjustments

Those material adjustments applicable to prior years arising from changes to accounting policies or correction of fundamental errors.

Provisions

These are amounts set aside to meet any liabilities or losses arising from contractual obligations, but it is uncertain as to the amounts or dates on which they will arise.

Prudence

The concept whereby local authorities account for transactions on the basis of always taking a prudent view when losses are anticipated and not anticipating gains until they are certain.

Public Works Loans Board

A central government agency which lends money to local authorities at lower rates than those generally available from the private sector.

Revenue Expenditure

General revenue expenditure mainly on pay and other costs of running council services apart from housing.

Revenue reserves (or Balances)

This is an authority's accumulated surplus income (in excess of expenditure) which can be used to finance future spending.

Revenue Support Grant

A general Government grant to support an authority's budget requirement.

Ring Fenced

This refers to the statutory requirement that certain accounts such as the Housing Revenue Account must be maintained separately from the General Fund.

Statements of Standard Accounting Practice (SSAP)

These are common standards of accounting practice issued by the Accounting Standards Board.

Standard Spending Assessment

This is an amount derived by a formula and used to determine the amount of grant that a local authority will receive to support its General Fund expenditure.

Substance Over Form

This concept requires that the commercial effect of a transaction and any resulting assets, liabilities and losses are shown and that the accounts do not merely report the legal form of a transaction.

Supported Borrowing (Credit Approvals)

Credit approvals are issued by the Secretary of State and provide authority not to charge expenditure for capital purposes to the revenue account. Provision for the revenue implications of this borrowing is factored into the Governments Revenue Support Grant formula.

Total Movement in Reserves

This statement brings together all the recognised gains and losses of the authority and identifies those which have and have not been recognised in the Income and Expenditure Account.

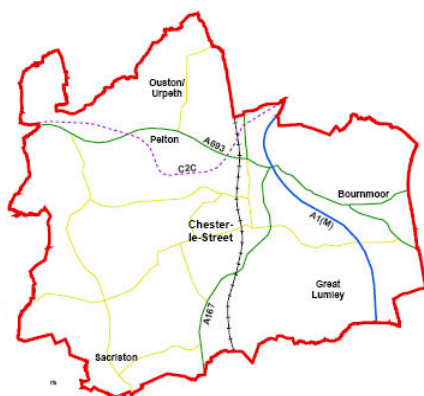
Trust Fund

Funds established from donations or bequests for spending for a specific purpose.

Work in Progress

The cost of work done up to a specified date on an uncompleted project.

Non-technical summary



Overview

This document is the non-technical summary of the Scoping Report for the Sustainability Appraisal of Chester-le-Street Districts' Local Development Framework (LDF). It outlines the major issues and problems for sustainable development in the District and describes how the appraisal process will be undertaken.

What is the Local Development Framework?

The Government has reformed the planning system with the commencement of the Planning and Compulsory Purchase Act 2004. The aim is to create a planning system that is more responsive to changing circumstances and achieves effective community involvement. Under this new system, District Local Plans have been replaced by Local Development Framework (LDF). The LDF comprises a folder of documents (Development Plan and Supplementary Planning Documents) which will set out the long term vision for the District, allocate sites for development and set out criteria for determining planning applications.

What is Sustainability Appraisal?

Sustainability Appraisal (SA) is a means of informing the decision making process at every stage of the plan process to ensure a commitment to sustainable development.

Sustainable Development can be described using the widely-used and accepted international definition:

'development which meets the needs of the present without compromising the ability of future generations to meet their own needs' (Brundtland Commission, 1987).

The Sustainability Appraisal follows stages, each stage being used to inform the LDF process to assess the social, economic and environmental effects of strategies and policies. It will also assess the extent to which implementation of the LDF will achieve sustainability objectives. The key aspects of the Sustainability Appraisal are that it should:

- ensure long term sustainable forms of development;
- develop plans that are more sustainable;
- reflect global, national, regional and local concerns;
- provide more informed decisions;
- develop sounder plans through continual input.

The Scoping Report is the first stage of the appraisal process, establishing the baseline; the current economic, social and environmental status of the District.

Why Sustainability Appraisal?

Like the Local Development Framework, the Sustainability Appraisal is statutory. The appraisal process incorporates the requirements of the EU Directive on Strategic Environmental Assessment as well as assessing economic and social effects of strategies, plans and policies.

The Sustainability Appraisal Scoping Report addresses the following key issues and problems that have been highlighted for Chester-le-Street District:

- housing
- economic regeneration
- environmental
- landscape
- health
- social
- population
- transport

The above key issues and problems, together with the baseline information on the District and review of plans and policies from the Scoping Report will result in a set of Sustainability Appraisal objectives. This is a key outcome of the Scoping Report.

Next stages of the process

Sustainability Appraisal is an ongoing process that is taking place in parallel with the Local Development Framework. The next stage involves proposed policies and strategies of the Local Development Framework being assessed against these Sustainability Appraisal objectives developed in the Scoping Report. This is to ensure that final documents are 'sustainable'. Hence, each Local Development Framework document will be subject to a Sustainability Appraisal. A Sustainability Appraisal Report will be published for each of the following type of documents;

- Core Strategy
- Development Plan Documents (DPDs)
- Supplementary Plan Documents (SPDs)

The baseline data compiled in the Scoping Report will be reviewed annually to monitor the effects of the policies and strategies on sustainability aspects of Chester-le-Street required as the final stage of the Sustainability Appraisal.

How to comment on the Sustainability Appraisal

To comment on the sustainability issues and problems identified in the Scoping Report for Chester-le-Street please contact [the Planning Policy Team at Chester-le-Street District Council at the address below](#). The report is [available on the Council's website and copies maybe found at libraries, etc](#).

[Planning Policy Team, Chester-le-Street District Council, Civic Centre, Newcastle Road, Chester-le-Street, County Durham, DH3 3UT.](#)

[Email:](#)

[Deadline](#)



Chester-le-Street District Council

Report to:	Council Meeting
Date of Meeting:	27 th September 2007
Report from:	Head of Regeneration
Title of Report:	Local Development Framework (LDF) Issues and Options Consultation

Agenda Item Number: 22

1. PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to recommend to Full Council, two LDF Issues and Options documents to be published for public consultation; one relates to the Core Strategy and the other to Generic Development Control Policies.

2. CONSULTATION

- 2.1 Consultation on this document will take place with a number of external stakeholders. The main focus will be on around 300 organisations and persons on the Local Development Framework (LDF) consultation database

3. CORPORATE PLAN AND PRIORITIES

- 3.1 The LDF will contribute to a number of corporate priorities, specifically including:
- Priority 2: Working in Partnership to Deliver the Sustainable Community Strategy – by providing a planning policy framework that will support the regeneration, tourism, and leisure elements of the Sustainable Community Strategy in particular.
 - Priority 4: Regenerating the District – by providing a land use policy that will enable the District to achieve its regeneration objectives.

4. IMPLICATIONS

Financial and Value for Money Statement

- 4.1 The development of the Local Development Framework is a statutory duty. There will be financial implications involved in the development of the LDF. It is estimated from the experience of other authorities that the costs could be in the region of £110,000 in 2007/8. The majority of this cost relates to background studies required to demonstrate that there is a sound and adequate evidence base. It has been agreed with the Director of Development Services and the Director of Resources that the development of the LDF should be the top priority for use of Planning Delivery Grant, and can therefore be met from within these resources.

Legal

- 4.3 The development of the LDF is a statutory obligation of the District Council.

Personnel

- 4.4 There are no personnel implications arising from the report. With a regeneration and planning strategy team now in place, existing resources will be sufficient to oversee the development of the LDF.

Other services

- 4.5 The main impact on other services arises from the importance of having an LDF in place in order to assist the Development Control service to make decisions on planning applications, or recommend decisions to members. That service has been fully involved in the development of the LDS.

Diversity

- 4.6 There are no direct diversity implications arising from the report.

Risk

- 4.7 The main risk is that the submission version of the Core Strategy is assessed to be unsound by a Government Inspector, and the District Council is required to start the process again.
- 4.8 Conversely there are a number of risks arising from not having an LDF in place. The risks attached to this include the risk of the supply of employment land in the District, and the locations for new development,

and the impact that this will have in delivering the regeneration strategy and sustainable community strategy objectives. Ultimately, were there not to be an adequate supply of future development sites in the District, developers would be able to challenge the local authority on the grounds that a supply did not exist and that they should be given permission to develop sites that were not allocated for development.

Crime and disorder

4.9 There are no crime and disorder implications arising from this report.

Other implications

4.10 There are no other implications arising from this report.

5. BACKGROUND, POSITION STATEMENT AND OPTION APPRAISAL

LDF Process

5.1.1 The project plan and timetable for the Local Development Framework (LDF) process, known as the Local Development Scheme, was agreed at the June meeting of the Executive. The LDF will consist of three different style documents;

- Core Strategy – providing the strategic vision, and is the over-arching document in the LDF process. The other two documents must be in general conformity with the Core Strategy
- Generic Development Control Policies – no more than around 20 policies for assessing “windfall” planning applications
- Development Allocations, or Action Area Plans for large-scale development and regeneration proposals – outlining the sites the Council want to promote for development.

5.1.2 Each of the above three documents will go through the following four main consultation stages:

1. Issues and options consultation
2. Preferred options consultation
3. Submission to the Secretary of State and consultation
4. Public examination of objections, publication of the binding inspector’s report, and adoption of the final version.

It is proposed to start consultation on both the Core Strategy and Development Control Policy documents at the same time, this autumn, More background work is required before consultation can start on the Development Allocations document next spring.

5.1.3 The end objective to the LDF process is that the Government inspector judges our submitted LDF documents to be “sound”. All LDF document must pass the following nine tests of soundness:

1. The DPD has been prepared in accordance with the Local Development Scheme.

2. The DPD has been prepared in compliance with the Statement of Community Involvement (SCI), or the minimum requirements set out in the regulations where no SCI exists.

3. The plan and its policies have been subjected to Sustainability Appraisal.

4. It is a spatial plan which is consistent with national planning policy and in general conformity with the RSS for the region and it has properly had regard to any other relevant plans, policies and strategies relating to the area or to adjoining areas.

5. It has had regard to the authority’s Community Strategy.

6. The strategies/policies/allocations in the plan are coherent and consistent within and between Development Plan Documents prepared by the authority and by neighbouring authorities, where cross boundary issues are relevant

7. The strategies/policies/allocations represent the most appropriate in all the circumstances, having considered the relevant alternatives, and they are founded on a robust and credible evidence base.

8. There are clear mechanisms for implementation and monitoring.

9. It is reasonably flexible to enable it to deal with changing circumstances.

5.1.4 The initial failure rate has been high, to date around a third of Core Strategies submitted nationwide have been judged to be unsound.

Core Strategy Issues and Options

5.1.5 A draft of the Core Strategy Issues and Options document was agreed at the Executive meeting on 3rd September.

5.1.6 The format of this document (attached as an appendix to this report) has been heavily influenced by the above tests of soundness, particularly tests 4 to 7. Hence the sub-sections on national policy, the RSS, the Community Strategy, the Regeneration Strategy, local evidence and the questions containing “relevant alternatives”. The chapters in the document

are based on the range of spatial issues which LDFs are expected to address.

- 5.1.7 In the past consultation on local plans was generally dominated by statutory consultees and landowners or developers who wanted to get particular sites allocated for development. The Government are keen that local authorities try to get the local community more involved in influencing the vision and policies in the new style LDF documents, particularly at the early stages. The overall consultation objective is to achieve a broad consensus between the statutory authorities, the local community and developers/landowners who are vital for the implementation of the plan, prior to the submission stage, in order to minimise objections and the time taken to resolve the public examination process.
- 5.1.8 The twin objectives to demonstrate compliance with the tests of soundness, and at the time encourage the local community to engage in such a highly regulated process presents some presentational and formatting challenges. Firstly, the target audience is very diverse and have significantly differing levels of knowledge and expectations of the planning system. What is the optimum level of information to enable such a diverse audience to make informed choices that will produce a sound plan?
- 5.1.9 Attempts have been made in the drafting of this document to reduce the amount of text in order to make it easier for community groups and the public to read and understand it. However, if it is reduced or “dumbed down” too much, then it will be difficult to demonstrate compliance with the tests of soundness at a later stage.
- 5.1.10 It is considered that the main way to try to resolve this dilemma is to take a twin track approach to the consultation. A draft, one page, summary leaflet is attached to this report, with the intention of targeting community groups and the public to try to prompt and encourage them to take an interest in the main consultation document.
- 5.1.11 Two community groups have provided informal comments on the presentation and format of the document, and consider it to be generally clear and understandable. The Government Office for the North East (GONE).have also been complimentary about the style and presentation of the document.

Generic Development Control Policies Issues and Options

- 5.1.12 A draft of this development control consultation was presented to the Planning Committee meeting on the 10th September for information and informal discussion.

5.1.13 This document (attached as an appendix to this report) is more technical than the Core Strategy and likely to be of less interest to the wider community. The target audience for the consultation will be those who already have some involvement with the development control system, either in terms of submitting or commenting on planning applications; e.g. developers, agents, landowners, statutory consultees, Parish Councils, community and special interest organisations.

Sustainability Appraisal Scoping Report

5.1.14 This is an even more technical document which has been produced by the County Council on behalf of the District Council. It is aimed primarily at the following three statutory consultees;

- The Environment Agency
- Natural England
- English Heritage.

However, a non technical executive summary (attached as a appendix to this report) and promotional leaflet have been produced to encourage all those involved in the LDF consultation to take an interest in the document.

Consultation Arrangements

5.1.15 The intended consultation arrangements are broadly as follows:

1. All organisations and persons on the LDF consultation database (just under 300) will be written to, and encouraged to view the document via the Council's website and to make representations on-line, or to request printed copies to be posted to them.
2. Printed copies will be available at the Council offices and local libraries.
3. There will be a promotional article in the September edition of the District News, plus a press release.
4. Copies of the summary leaflet will be distributed as widely as possible around the District
5. Manned public exhibitions will be arranged in the town centre and the three regeneration corridors, in other words, the four District Community Partnership Areas.
6. A briefing workshop will be arranged Parish Councils, Community/Residents Associations and other community groups.

Option Appraisal

5.2.1 The prime purpose of this consultation document is to consider all relevant and realistic alternatives (options) to the range of spatial issues that LDF Core Strategy and Development Control Policies are expected to cover (soundness test 7).

- 5.2.2 What is relevant and realistic, within the limits of national and regional planning policy constraints, is open to some interpretation. To be realistic, it must be in general conformity with the RSS, but what does that mean in detail? How flexible or prescriptive is the RSS? One of the key functions of this consultation is to answer these questions against the local evidence, and questions HO1 and HO2 are examples of this.
- 5.2.3 It would be misleading for the Council to suggest options which are likely to be judged to make the plan unsound. On the other hand, if the Council appears to be closing down the debate at an early stage, it runs the risk of the submitted LDF documents being assessed to be unsound because all the alternative options were not considered. Therefore, a fine line needs to be found to establish where the optimum balance is.
- 5.2.4 Relevant and realistic options can include options which involve variation to some of the existing local plan policies. Therefore, this document should include some options that the Council is not entirely comfortable with, otherwise it has probably closed down the debate too much.
- 5.2.5 Conversely, the Council can use this document to test the flexibility of national and regional policy against local evidence, provided that evidence base is sound and robust.

6. RECOMMENDATIONS

Council are recommended to approve the draft. Core Strategy and Generic Development Policies Issues and Options documents for public consultation.

7. BACKGROUND PAPERS

The following background papers have been used in preparation to this report in addition to those attached as Appendices:

Chester-le-Street Statement of Community Involvement (August 2006)
Chester-le-Street Local Development Scheme (April 2007)

Martin Walker
Head of Regeneration

Telephone: (0191) 387 2233

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Chester-le-Street District Council

Report to:	Council
Date of Meeting:	27 September 2007
Report from:	Head of Revenues & Benefits
Title of Report:	Rate Relief Policy
Agenda Item Number:	23

PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to consider and approve a replacement to the existing Council's discretionary rate relief policy approved in April 2000. The new policy will address all rate relief and will give clear guidance to members of staff and customers on the criteria for qualifying.

2. CONSULTATION

- 2.1 Corporate Management Team, Risk and Financial Services Manager, Accountancy Manager, Chief Internal Auditor and Legal and Democratic Manager have been consulted on the Rate Relief Policy

3. CORPORATE PLAN AND PRIORITIES

- 3.1 The new policy contributes towards customer excellence as it allows our customers access to clear guidance on qualifying criteria, this will assist them financially and contribute towards continued business survival.

4. IMPLICATIONS

Cost:

The current cost of administering rate relief to Chester-le-Street Council is £21,647.08 and details of all the individual awards are attached on appendix 3 provided as confidential. The proposed cost of administering the new rate relief policy to Chester-le-Street Council is £18,643.42. These costs are based on present awards and the removal of discretionary rate relief from two organisations who sustain a healthy profit from bar and entertainment functions. Details of the organisations can again be found in appendix 3 which is confidential.

User Focus / Community Engagement

The rate relief policy criteria identify the benefits to the community to be considered in determining an application for rate relief.

Quality

The economic benefits of discretionary rate relief contributes towards the aims of the anti-poverty strategy; working to help start and sustain businesses and

promote economic growth within the district.

Achievement of Priority Outcomes

The rate relief policy contributes towards the corporate priority of regenerating the district

4.2 Legal

There are no legal implications associated with this report.

4.3 Personnel

There are no personnel implications associated with this report

4.4 Other Services

There are no implications for other service with this report

4.5 Crime and Disorder

There are no crime and disorder implications

4.6 Risk

Without a comprehensive rate relief policy, there is a risk that the Council will not maximize assistance to local businesses.

4.7 Diversity

A diversity impact assessment has been carried out on the draft rate relief policy

5. **THE POLICY**

- 5.1 The new rate relief policy, the existing discretionary rate relief policy, current and proposed costs (confidential) of the new policy are attached: -

Appendix 1 New Rate Relief Policy

Appendix 2 Existing Discretionary Rate Relief Policy

Appendix 3 **Confidential** Cost of Current & Proposed Rate Relief

6. **RECOMMENDATIONS**

- 6.1 As agreed by the Executive, the Council is requested to consider and approve the new rate relief policy.

AUTHOR NAME:	Jayne Henderson
DESIGNATION:	Head of Revenues & Benefits
DATE OF REPORT	10 September 2007
VERSION NUMBER:	1.0
AUTHOR CONTACT:	E-mail – jaynehenderson@chester-le-street.gov.uk
	Telephone - 0191 3872344

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Appendix 1 New Draft Rate Relief Policy



Chester-le-Street District Council

Chester-le-Street District Council

Rate Relief Policy

Policy Statement

Chester-le-Street District Council is committed to correctly administering the award of Rate Relief to businesses within the District. The aim of this policy is to act as a guide to all staff involved in the administration of business rates, by doing this the Council will: -

- 1 Maximise entitlement to relief
- 2 Balance the cost of awarding relief with the cost to the Council Tax payers of Chester-le-Street
- 3 Deter fraud and error
- 4 Demonstrate the Council's commitment to accuracy and provision of a high quality service to its customers

Introduction

Under non-domestic rates legislation there is several types of rate relief that the Local Authority can award to businesses or organisations. These include:

Mandatory Rate Relief
Discretionary Rate Relief
Small Business Rates Relief
Rural Rate Relief
Hardship Rate Relief

Chester-le-Street District Council is committed to ensuring that these reliefs are maximised and that businesses and organisation benefit from the financial assistance available. Each application for rate relief where discretion is allowed will be considered on its own merits in a timely manner, without applying a blanket policy.

Legal Framework

The Local Government Finance Act 1988 gives Local Authorities the right to award rate relief:

- Sections 43 and 45 of the Act provide the detailed instruction relating to mandatory rate relief.
- Section 47 of the Act provides the detailed instruction relating to discretionary

rate relief.

- Section 49 of the Act provides the detailed instruction relating to hardship rate relief.

The Local Government Finance Act 1997 amends the 1998 Act to provide the detailed instruction relating to mandatory and discretionary rural rate relief.

The Non-Domestic Rating (Small Business Rate Relief) (England) Order 2004 provides detailed instruction relating to small business rate relief.

Decision Making

Decisions are made by Local Taxation Team in accordance with the relevant legislation and guidance provided by the government.

The following criteria are guidance for members of staff that should be used as a framework for determining reliefs. This policy is also accompanied by a comprehensive procedure.

Mandatory Rate Relief

Under Sections 43 and 45 of the Local Government Finance Act 1988, the Local Authority has the power to grant mandatory rate relief.

Mandatory rate relief of 80% will be awarded to a registered charity or a trustee for a charity, where the property they occupy is wholly or mainly used for charitable purposes and it can also be awarded to registered community amateur sports clubs. This can then be topped-up with discretionary rate relief.

This relief is fully funded by the Government.

Discretionary Relief

There are two types of discretionary relief:

Discretionary Top Up

Under Section 47 of the Local Government Finance Act 1988, the Local Authority has the power to grant up to 20% discretionary top up where a property qualifies for mandatory rate relief

Discretionary top up may be awarded for properties wholly or mainly used by registered charities, community associations, residents groups, community amateur sports clubs, scout groups, girl-guide groups, youth clubs, citizen advice bureaux, and museums.

Discretionary top up of up to 20% can be awarded to any qualifying premises and the amount awarded is based on the merits of each individual application. For each award of discretionary top of 20%, the Council is responsible for funding 75% of it; the remaining 25% is funded by Central Government. This policy is also accompanied by a comprehensive procedure for staff giving guidance and good

practice on the award of discretionary top up.

Discretionary Rate Relief

Under Section 47 of the Local Government Finance Act 1988, the Local Authority has the power to grant up to 100% discretionary rate relief where a property wholly or mainly used by a non-profit making organisation.

Relief will be considered for organisations:

- which actively encourages membership from particular groups, e.g. disabled persons, ethnic minorities, young people, women and pensioners
- that have facilities, which are made available to people other than members, to encourage their wider use
- where membership of the organisation is open to all sections of the community and fees are at a level affordable by the community at large
- that provides training or education for its members, including specific schemes for particular groups to develop their skills
- where facilities are provided by self-help rather than grant aid
- where facilities are provided which indirectly relieves the authority of the need to do so
- where membership is mainly from the Chester-le-Street area
- which are affiliated to local rather than national institutions

Where an organisation or business has the provision of a bar and is run the premises, this should be ancillary to the provision of sporting or community activities. The opening hours of the bar, profits made and proportion of social members will be taken into account when a decision is made.

Discretionary rate relief can be awarded up to 100% to any qualifying premises and the amount awarded is based of the merits of each individual application. For each award of discretionary rate relief of up to 100%, the Council is responsible for funding 25% of it; the remaining 75% is funded by Central Government. This policy is also accompanied by a comprehensive procedure for staff giving guidance and good practice on the award of discretionary rate relief.

Small Business Rate Relief

Under The Non-Domestic Rating (Small Business Rate Relief) (England) Order 2004, the Local Authority has the power to grant small business rate relief to businesses with either:

- one property, whose rateable value is less than £15,000 on the 1st April of the relevant chargeable year, **or**
- one main property and other additional properties, providing the rateable values of the other properties are less than £2,200 and the total rateable value of all of the properties remains under £15,000.

All qualifying properties will their non domestic rate bill calculated using the small business rate non-domestic rating multiplier which is less than the normal rating multiplier used in routine calculations. In addition, premises with a rateable value of

less than £5,000 qualify for 50% rate relief; this then decreases on a sliding scale of 1% for every £100 rateable value for premises with a rateable value of between £5,000 and £10,000.

Small business rate relief cannot be awarded alongside any other rate relief except discretionary or hardship rate relief.

Small business rate relief is awarded before any discretionary rate relief is calculated. This reduces the cost of the rates payable by the ratepayer and reduces the amount of funding the authority provides towards discretionary rate relief. Every effort is made by the Local Taxation Team to maximise small business rate relief to those who qualify and there is a comprehensive procedure for staff giving guidance and good practice on the award of small business rates relief.

Small business rate relief is self-funding as Central Government calculate the business rates multiplier taking the cost of this relief into account

Hardship Relief

Under Section 49 of the Local Government Finance Act 1988, the Local Authority has the power to grant Hardship relief to any business or organisation that is suffering financial hardship.

The Local Authority has the discretion to reduce or remit the payment of business rates where it is satisfied that the business or organisation will sustain hardship. For each award of hardship relief, the Council is responsible for funding 25% of it; the remaining 75% is funded by Central Government

This policy is also accompanied by a comprehensive procedure for staff giving guidance and good practice on the award of hardship relief.

Rural Rate Relief

Under the Local Government Finance Act 1997, the Local Authority has the power to grant 50% mandatory relief to public houses, petrol filling stations, general stores, food stores and post offices, which are the sole business of their type within the area of a designated Rural Settlement List.

A business that qualifies for mandatory rural rate relief can also be eligible for a discretionary relief top-up to a maximum of 100%.

Properties that are used for purposes beneficial to the local community may qualify for discretionary rural rate relief.

The 1988 Act requires each billing authority to compile and maintain a rural settlement list for each chargeable financial year. The list must identify settlements in the authority's area which

- appear to have had a population of not more than 3,000 on the previous 31 December before the beginning of the chargeable financial year in question, **and**

- in that financial year are wholly or partly within an area designated by the Secretary of State as a rural area

A general store, post office or food shop that is the sole business of its type within a rural settlement will qualify for mandatory relief if the rateable value of the property is no greater than £7,000.

A public house or petrol station that is the sole business of its type within a rural settlement will qualify for mandatory relief if the rateable value of the property is no greater than £10,500.

Properties that do not qualify for mandatory relief may qualify for discretionary relief where:

- the property is the only general store, post office, food shop, public house or petrol station in a rural settlement but does not qualify for mandatory relief as it's rateable value is higher than that prescribed in regulations **and**
- the property is used for purposes that benefit the local community, **and**
- it would be reasonable for the billing authority to grant relief, **and**
- it is reasonable for it to do so having regard to the interests of the authorities council tax payers

The rateable value of these properties can be no greater than £14,000.

For each award of rural rate relief of up to 50%, the Council is responsible for funding 25% of it; the remaining 75% is funded by Central Government.

This policy is also accompanied by a comprehensive procedure for staff giving guidance and good practice on the award of rural rate relief.

Cost of Awarding Relief

The cost of awarding Rate Relief is detailed below:

<u>Type of relief</u>	<u>%</u>	<u>Cost to Government</u>	<u>Cost to Local Authority</u>
Mandatory	80%	100%	nil
Discretionary Top Up	20%	25%	75%
Discretionary Rate Relief	Up to 100%	75%	25%
Small Business Rates Relief	Up to 50%	100%	nil
Hardship Rate Relief	Up to 100%	75%	25%
Mandatory Rural Rate Relief	50%	75%	25%
Discretionary Rural Rate Relief	Up to 50%	75%	25%

Applications for Relief

Applications for rate relief must be made in writing or on the Council's official application form. Applications are available from the Local Taxation team, on the website and are also available in large print or different languages upon request.

Notification of the decision

The decision to award rate relief and the amount of rate relief will be decided within 28 days of the application being received.

An appeal against the decision must be made in writing to the Head of Revenues and Benefits who will review the decision. Any further appeal must be made to the Director of Resources for a further review. Upon this review the Director of Resources may consult elected Members. Decision notices will be available in large print or different languages upon request and customers' will be encouraged to seek independent advice and assistance from organisations such as The Citizens Advice Bureau or Welfare Rights.

Changes to decisions

If Chester-le-Street District Council decides to vary the amount rate relief paid to a customer or organisation it must:

- ensure that any variation commences at the beginning of a financial year **and**
- give twelve months advance notice when reducing the amount of relief

Where the amount of relief is to be increased, the variation can take effect from a date decided by the Council.

Reviewing Rate Relief

Rate relief will be reviewed every five years upon receipt of the new valuation lists unless a business or organisation has a change in circumstances, which must be reported to the Local Authority immediately.

Equalities and Diversity

Chester-le-Street District Council is committed to promoting equality and valuing diversity in both service delivery and employment. Care has been taken in drafting this policy and the underpinning procedures to ensure that the Council does not unjustifiably discriminate against any minority group.

Every effort will be made to ensure that the needs of individual customers are met in relation to the enforcement of this policy. The policy will be made available in different languages, or translated with the assistance of an interpreter and it will be available as read-speak. All customers will be encouraged to seek assistance from an independent third party.



Appendix 2 Old Discretionary Rate Relief Policy

CHESTER-LE-STREET DISTRICT COUNCIL

POLICY ON THE GRANTING OF DISCRETIONARY RATE RELIEF

SECTION 47, LOCAL GOVERNMENT FINANCE ACT 1988

With Effect From 1 April 2000

1. Introduction

- 1.1 The Council has the power to grant discretionary rate relief to charities and voluntary organisations under the above Act. This policy sets out the manner in which applications for relief will be considered, the factors to be taken into account and rates of relief to be applied.

2. Applications for Relief

- 2.1 Applications for relief shall be made in writing and shall contain all the information required by the Council to determine the application. A new application will be required periodically by the Council to confirm continued entitlement to relief. Each application will be considered on its individual merits according to the criteria set out below.

3. Criteria for Determining Applications

- 3.1 The organisation's occupation of the property must comply with the requirements of section 47 of the above Act, and must fall into one of the following categories:
- A charity occupying the property for charitable purposes.
 - A property occupied for the purposes of an organisation not established or conducted for profit, whose main objects are charitable, philanthropic, or religious, or concerned with education, social welfare, science, literature, the fine arts or recreation.
- 3.2 The organisation should make a contribution to the amenities of the area by its occupation of the property upon which rate relief is sought.
- 3.3 Membership of the organisation or use of the facilities should be open to all sections of the community and fees should be at a level affordable by the community at large.
- 3.4 In the case of community groups, sports clubs, etc., the organisation should be able to show that it encourages participation from either the community at large or sections within the community with special needs.

- 3.5 If the property contains a bar, this should be ancillary to the provision of sporting or community activities.
- 3.6 While the occupation of the property should generally be to the benefit of the residents of the Chester-le-Street area, consideration will be given to organisations providing more specialised facilities of a regional nature provided the remaining principles set out above are fulfilled.
4. **Rates of Relief**
- 4.1 Charitable organisations, occupying the property for charitable purposes and in receipt of 80% mandatory relief, will be granted 20% discretionary relief if they meet the above conditions. Shops, administrative offices and other premises not providing any direct benefit to the community are unlikely to be granted discretionary relief.
- 4.2 Voluntary organisations not qualifying for mandatory (charitable) relief (sports clubs, etc.) will be granted 75% relief if they fulfil the above criteria.

February 2000

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

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