



**Chester-le-Street**  
District Council

**Report to:** Council

**Date of Meeting:** 28 February 2008

**Report from:** Head of Corporate Finance

**Title of Report:** 2008/2009 General Fund Revenue  
Budget and Council Tax Proposals

**Agenda Item Number:** 12

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## **1. PURPOSE OF REPORT**

- 1.1 The report summarises the recommendations from the Executive to Full Council following on from consideration of the Executive Report of 18 February 2008 (attached as Appendix 1).

## **2. CONSULTATION**

- 2.1 Corporate Management Team has been fully involved in the work supporting the budget projections and has been consulted on the report. Service Team Managers have been fully engaged in the budget preparation process for their service areas. The proposals in respect of fees and charges are the suggested levels from the relevant Service Team Managers. The Overview and Scrutiny Panels considered the budget proposals for the services within their expected remits and the Panels' comments are detailed in section 3 of the report.
- 2.2 Finally, non-domestic ratepayers were consulted on the Council's budget proposals and their comments are summarised in section 4 of the report.

## **3. OVERVIEW AND SCRUTINY PANELS**

### **3.1 Partnership and Efficiency OSP**

The Panel considered the 2008/09 budget proposals and savings for the services within its remit and did not recommend any changes. However, the following comments were noted:-

The Panel asked the ICT Manager about the implications of reducing the internet connection speed from 4Mb to 2Mb on users. The Panel asked him to monitor usage to ensure that response times would have no detrimental impact.

The Panel also asked the Customer Relationship Manager about the feasibility of increasing the fees and charges in relation to the Civic Centre Room Hire. The panel felt that the current charge was possibly too low and asked the Officer to take into account other facilities in the District that hire out rooms for meetings. He was asked to use his discretion and consider a rise above 3% and also to mark the increase up to a round figure.

### 3.2 Leisure and Neighbourhood OSP

The Panel considered the 2008/09 budget proposals and savings for the services within its remit and did not support the following proposals:-

**Pelton Fell Hall**-The Panel felt that they could not support the closure of the facility before considering the report on the use of Community Facilities. They supported the transfer of responsibility to the Community Group but acknowledged that it was too early to recognise the potential saving (£17,810).

**Pest Control**-The Panel did not want to see the introduction of a charge for the currently free rodent (rats and mice) control service. They felt that this would lead to incidents not getting reported initially that could have implications for being able to effectively contain an infestation (£34,000).

**Environmental Health Agency Fees**-After questioning the Acting Environmental Health Team Leader it was felt that this saving (£12,000) could potentially have a detrimental impact on service delivery and was, therefore, not supported.

The Panel after much deliberation and discussion supported all the other proposals put forward by Officers.

### 3.3 Regeneration and Housing OSP

The Panel did not recommend any changes to the budget proposals for the services within its remit.

It considered the proposed fees and charges for regeneration and did not suggest any amendments.

## 4. **CONSULTATION - OUTCOME OF MEETING WITH BUSINESS RATEPAYERS**

A meeting was held with business ratepayers on 14 February with six representatives in attendance. The Council was represented by the Head of Corporate Finance and Town Centre Manager.

The ratepayers made no comments on the Council Tax but raised several issues about services:-

(i) Car Parks

The increase in fees and charges was unanimously not supported. There was a depth of feeling expressed at the meeting that anything that could potentially reduce the already falling footfall in the town centre would not be supported. The representatives felt that an increase would lead to a loss of business as customers would simply go to areas such as Pity Me, Stanley or Washington where parking was free.

They asked if consideration could be given to the possibility of introducing the free half hour ticket that was available at the Civic Centre Car Park. The free parking at the Civic Centre for Council employees was noted.

The business representatives also asked for better signage that made it clear that car parks further from the town centre were not as expensive.

They also felt that car parking charges contributed to the problem of the public and staff from the town centre businesses parking in residential areas.

They asked how successful the introduction of the different charges had been in migrating the longer stay tickets away from the town centre. In addition, they thought that improved marketing of the season ticket option could be done better.

The representatives asked to see money being made available to promote events and improve the town centre but not from increasing the car parking charges until the footfall returned and the town was thriving again.

(ii) Trade Waste

Representatives stated that in their opinion our Trade Waste service was very competitively priced and that the service delivery was excellent. However, they felt that the service lacked business acumen and at times was let down by poor customer relations.

(iii) Public Conveniences

The quality of the public toilet at Foundry Lane was acknowledged, however, representatives expressed the view that it was in the wrong location. If a static facility was going to be anywhere it was felt it should be in the market place.

The provision of portable toilet facilities should be considered for events such as the ice rink at the market place.

They also asked the Council to consider the provision of alternative toilet facilities for the night time footfall in the town centre.

(iv) Leisure Services

The business representatives felt that a number of fees and charges in relation to Leisure Services could be increased beyond those recommended by Officers. The examples given were the gym fees at the Leisure Centre and the season tickets at the Golf Course.

At the conclusion of the meeting the business ratepayers asked if it would be possible to get feedback at their next meeting on the specific issues raised.

## **5. SUMMARY OF THE PROPOSALS FROM THE EXECUTIVE**

5.1 The Executive met on the 18 February 2008 and considered the proposals for savings and revised fees and charges as put forward by Service Team Managers. The Executive also considered the comments from the Overview and Scrutiny Panels and the non-domestic ratepayers. The Executive looked at all the proposals line by line in detail and will not be recommending the following proposals to Council:-

### Savings Proposals (as detailed in section 10.1 of attached report)

- Pelton Fell Hall transfer or closure (£17,810) – It was felt that it was too early to consider this proposal .
- Pest Control – introduction of new charges for rodent control (£34,000)
- Environmental Health – reduction in agency fees (£12,000)
- Community Development – reduction in supplies and services expenditure (£1,600) – Members felt that this linked to the new Neighbourhood key priority area and might impact on the level of engagement and consultation with communities.
- Noted following the comments from the Partnership and Efficiency OSP regarding the reduction in Internet connection speed proposal from the ICT Manager that after more investigation the saving would be £2,700 and not £5,000. The speed of the connection is to remain at 4Mb and the saving has been achieved through a reduction in the charge from the Internet Service Provider.

### Fees and Charges Proposals as detailed in section 11.1 of attached report)

- Leisure fees and charges proposals – on areas where officers are recommending an increase Members have capped any increase at a maximum of 5%. This reduces the additional income from £34,325 to £24,250.
- Environmental Services fees and charges – Members are not supporting the increase in civic amenity collections from £5 to £10 for the removal of up to six items. This reduces the additional income from £28,000 to £14,000.
- Environmental Services fees and charges – The Leader of the Council acknowledged that following comments from the non-domestic ratepayers that the impact of the investment in the Town Centre needed to be assessed before consideration was given to an increase in car parking charges. This reduces the additional income from £30,000 to Nil.

- Environmental Services fees and charges – The proposed increase in the charge for public conveniences from 20p to 30p was not supported. This has no impact on expected income levels.
- 5.2 Members were also aware of the potential for using the Concessionary Fares net surplus in reducing the Council Tax for 2008/2009 and agreed the use to address the budget.
- 5.3 Members then turned their attention to the key single priority which they asked officers to develop for implementation during the course of 2008/2009. By moving to a single priority around “People and Places” this recognises the issues raised by our communities as priorities for the district and acknowledged the capacity that is needed within the organisation to deal with the Local Government Reorganisation (LGR) process. Members were aware of the budgetary provision for both the Venture Fund (£107k) and the Planning Delivery Grant (£132k) and asked the Chief Executive to update the Executive on the latest position regarding the financial implications associated with the Housing Transfer.
- 5.4 The Chief Executive and the Head of Corporate Finance (Section 151 Officer) were able to confirm that the cost neutral position previously identified to Council in year 1 is achievable and that the implications were that the Council were able to recoup the initial setup costs leading to the Housing Transfer. Members asked that these budgets were used to redirect resources to address their priorities for delivering the single objective, and asked that officers prepared outline budgets for full Council which drew down from those budget areas.
- 5.5 In recognition of the detailed work to prepare for LGR and the impact on the capacity of the Council to continue to deliver key services the Executive asked that a contingency reserve be established to address the implications of LGR.
- 5.6 The financial implications attached to the recommendations regarding the Executives proposed priority areas is as follows:-
- Investment in the Town Centre – this is an area supported by businesses and members of the Executive see it as a key to developing the Town Centre economy on the back of the capital investment in the Market Place and the current work in relation to the Town Centre Masterplanning. Officers are suggesting that £50k capital and £50k revenue is made available to support this priority area.
  - Partnerships for Futures – this project has been developed to a part where a decision is needed whether or not to proceed in partnership with CDC Business Enterprise, a number of local businesses and education/further education providers. The project is primarily aimed at connecting people who are either in education or unemployed, directly with real jobs identified by employers in the district and enabling training to be focused on those future employment needs. Officers are suggesting that £80k revenue and £10k capital is used to develop and implement this priority area.

- Strengthening Partnerships – the Council has been very effective in delivering services in partnership with a number of organisations in the district. Several of these organisations in the third sector are under significant strain because of reduced funding and there is a clear opportunity to address both this and the strengthening and sustainability of such partnering arrangements to the benefit of the district. Officers would recommend that provision be made for a sum of £50k revenue and £100k capital to support this priority area.
- Neighbourhoods – Members will be aware of the considerable work that the Council has carried out on Neighbourhood Management and more recently the pilot work on area action planning at Waldrige. In order to facilitate further work on strengthening our communities and enabling our communities to effectively engage in their priorities with the new Council the Executive have sought to redirect funding into this area. Officers would recommend that a sum of £70k revenue and £30k capital be provided for this priority area.

5.7 In order to support this budget re-prioritisation the following budgets have been identified:-

- (1) Venture Fund £107k revenue
- (2) Planning Delivery Grant £132k revenue
- (3) Cost neutral repayment of LSVT set-up costs and reduction in the provisional budget for the environmental warranty costs £600k (£150k revenue and £450k capital)
- (4) Potential return on the investment of the VAT shelter which could generate up to £80k revenue
- (5) In summary the above budgets amount to £469k revenue and £450k capital

5.8 As stated previously in this report the Executive wish to see a contingency available to support LGR. At this stage officers would recommend that the residual revenue sum of £219k is used to form that contingency budget subject to further review as part of our normal budget monitoring throughout 2008/2009.

5.9 The redirection of the above budgets still leaves a potential £260k of capital that is available to support this year's capital programme and the use of this sum is covered elsewhere on the Council agenda.

5.10 The redirection of this funding is dependent upon the level of VAT shelter available to the Council in 2008/2009 currently estimated at £500k, the interest to be gained by investment of the total VAT shelter and the use of the HRA balance. The Head of Corporate Finance is confident that these sums are likely to be realised to support the above re-prioritisation of budgets in 2008/2009 but this will be closely monitored and will be subject to our risk management approach.

## **6. REPORT OF THE STATUTORY FINANCIAL OFFICER**

- 6.1 Section 25 of the Local Government Act 2003 requires the statutory financial officer to make a statement on the robustness and achievability of the budget and the adequacy of the Council's reserves.
- 6.2 I am satisfied that adequate provision has been made in the budget for expenditure in order to deliver an affordable level of services to the public. I am also satisfied with the level of reserves held by the Council.
- 6.3 Similarly, based on the forecast position, budgeted income levels are robust. Income does, however, remain an area of risk for the Council and, as detailed in the Risk Assessment (Appendix C to the Executive report of 18 February 2008) will require careful monitoring.

## **7. EXECUTIVE'S CONCLUSIONS AND RECOMMENDATIONS**

- 7.1 The Executive considered the recommendations in the 2008/2009 General Fund Revenue Budget and Council Tax Proposals report of 18 February 2008 and :-
- (i) noted the final finance settlement for 2008/09;
  - (ii) considered the proposed fees and charges and recommends to Council those fees and charges, subject to the modifications outlined in this report;
  - (iii) considered the outcome of the meetings of the Overview and Scrutiny Panels;
  - (iv) considered the comments of the non-domestic ratepayers and recommends the change to the proposed car park charges contained within this report and further recommends to Council that a provisional sum be included in next year's capital programme regarding public toilet provision;
  - (v) considered and recommends to Council a net general fund revenue budget of £8.247 million for 2008/2009 and the proposed redirection of resources outlined within this report;
  - (vi) agrees to recommend a Band D Council Tax of £181.17

## 8. BACKGROUND PAPERS

8.1 The following background papers have been used in the preparation of this report:-

- (1) Report to Executive on 7 January 2008:-  
"2008/09 General Fund Budgetary Projections"
- (2) Report to Executive on 18 February 2008:-  
"2008/09 General Fund Revenue Budget and Council Tax Proposals"
- (3) 2008/09 General Fund Revenue Budget Reports to Overview and Scrutiny Panels:-

Regeneration and Housing OSP	7 February 2008
Partnership and Efficiency OSP	12 February 2008
Leisure and Neighbourhood OSP	13 February 2008

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