

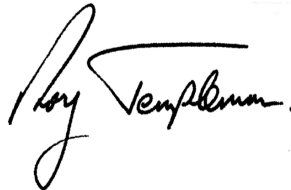
Public Document Pack

19 February 2008

Dear Councillor

A meeting of the Council will be held in the **Council Chamber, Civic Centre, Newcastle Road, Chester-le-Street, Co Durham, DH3 3UT on Thursday, 28th February, 2008 at 6.00 pm**

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roy Templeman', 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 31 January 2008 (Pages 1 - 8)
3. Public Speaking
4. To receive declarations of interest from Members
5. Report from the Leader of the Council
6. Reports from Portfolio Holders
 - a) Resources and Value for Money
 - b) Regeneration and Strategic Planning
 - c) Community engagement and Partnerships
 - d) Neighbourhood Services
 - e) Health and Well-Being

7. Questions to Leader and Executive Members
8. To accept the report of the Audit Committee held on 17 January 2008 (Pages 9 - 12)
9. New Local Code of Corporate Governance (Pages 13 - 34)
10. Corporate Statement of Health and Safety Policy (Pages 35 - 46)
11. Section 17 Crime and Disorder Act 1998 (Pages 47 - 48)
12. 2008/9 General Fund Revenue Budget (Pages 49 - 82)
13. General Fund Capital Programme 2008/9 (Pages 83 - 90)
14. Treasury Management Strategy (Pages 91 - 112)
15. Prudential Indicators (Pages 113 - 120)
16. 2008/9 Council Tax Setting (Pages 121 - 128)
17. To set a Council Tax for year ending 31 March 2009 (Pages 129 - 132)
18. Correspondence
19. Conferences
20. Common Seal

THE DISTRICT COUNCIL OF CHESTER-LE-STREET

Report of the meeting of Council held in the Council Chamber, Civic Centre, Newcastle Road, Chester-le-Street, Co Durham, DH3 3UT on Thursday, 31 January 2008 at 6.00 pm

PRESENT:

Councillor A Humes (Chairman)

Councillors

A Turner	M D May
G Armstrong	P H May
S Barr	P B Nathan
J W Barrett	K Potts
L E W Brown	M Potts
R Court	J M Proud
G K Davidson	D L Robson
L Ebbatson	M Sekowski
P Ellis	J Shiell
M Gollan	T J Smith
S Greatwich	D Thompson
R Harrison	S C L Westrip
D M Holding	F Wilkinson
C J Jukes	A Willis
W Laverick	

Officers: R Templeman (Chief Executive), I Forster (Director of Corporate Services), T Galloway (Director of Development Services), J Henderson (Acting Head of Resources Directorate), I Herberson (Head of Corporate Finance), L Dawson (Acting Head of Regeneration), C Potter (Head of Legal and Democratic Services), J Underwood (Performance, Improvement and Equality Manager) and C Turnbull (Democratic Services Officer)

125. APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors SA Henig and AK Holden.

126. TO CONFIRM THE MINUTES OF THE MEETING HELD 20 DECEMBER 2007

The minutes of the proceedings at the meeting of the District Council held on 20 December 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.

127. TO CONFIRM THE MINUTES OF THE SPECIAL MEETING HELD 21 DECEMBER 2007

The minutes of the proceedings at the Special Meeting of the District Council held on 21 December 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.

128. 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.

129. TO RECEIVE DECLARATIONS OF INTEREST FROM MEMBERS

There were no declarations of interest from Members.

130. REPORT FROM THE LEADER OF THE COUNCIL

The Leader, Councillor L Ebbatson, advised of one key decision taken by the Executive on 7 January 2008:

‘That in the light of Local Government Restructuring and the proposed dissolution of Chester-le-Street District Council in April 2009 we agreed not to progress Phase 2 of the Leisure Options Review.’

Councillor Ebbatson then gave an update on events since the last Council Meeting as follows: -

▫ Housing

Cestria Housing has been registered with the Housing Corporation.

▫ European Charter for equality between men and women in local life.

LGA have sent Charter to all Council’s indicating it is ‘a useful tool to meet Gender duties’. As the only Council in the UK to have signed up

we have been invited to the Council of European Municipalities and Regions conference in Pisa as part of an LGA delegation.

▫ Scrutiny

County and District Officers are working with a PhD student from Northumbria University on an evaluation of existing scrutiny functions.

- Final reports from 'task and finish' groups at Association of North East Council on (1) 'The role of the councillor' and (2) climate change. Members of this Council were active in preparing both reports. Copies can be made available from Leaders Office.
- The previous week saw the launch of the new recycling scheme – Chester le Street, Durham City, Easington and Sedgefield will be working in partnership with Greencycle. From April residents will be able to recycle cardboard and plastic as well as cans, paper and glass.
- The first regional awards for Local Government – SHINE Awards – whose primary aim is to inform people of the contribution made by Councils and local government to their quality of life, will be made in March. The Leader was pleased to announce that the Council had+ been shortlisted for The Improvement Award.
- LGR – Implementation Orders were expected to go through Parliament in February. The Implementation Executive continued to meet monthly. There were Programme Boards overseeing the various workstreams necessary to consolidate the services of the new authority. This Council was preparing a Transition Plan which would come before Council. A sub-group of the Implementation Executive met for the first time to oversee the recruitment of a new Chief Executive for the new authority. It was agreed that a recruitment consultancy be appointed to do the necessary work in the run up to the May elections. The appointment will take place post May. This had to be agreed by the Implementation Executive the following day.
- The Electoral Commission had, in principle, agreed to direct the Boundary Committee to undertake an electoral review of the proposed new County Durham Authority in 2008.

Following the report from the Leader, Councillor PH May asked whether there would be an election after the electoral review.

The Leader advised that the review would not require elections to be held on implementation of the new boundaries. It was intended that recommendations would be implemented for any elections in 2010.

Councillor W Laverick enquired whether the proposed electoral review would have any affect on the Parish Boundary Review undertaken by the Council. The Chief Executive advised there would be no affect.

131. REPORTS FROM PORTFOLIO HOLDERS

a. Resources and Value for Money

Councillor L Ebbatson, in the absence of Councillor SA Henig, advised that the Overview and Scrutiny Panels would consider budget proposals in the following two weeks prior to their submission to a Special Meeting of the Executive on 18 February 2008 and then to Council.

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 matters:

- Continuous Process Improvement
- Corporate Complaints Procedure
- Members Discuss Group
- 360 Degree Appraisals for Members
- Equality and Diversity training for Members

d. Neighbourhood Services

Councillor SCL Westrip reported on the following:

Leisure Services

The Chester-le-Street Sport and Activity Network was established on 10 January 2008 to bring together all the primary agencies involved in providing sport and physical activity in the District. The key priorities of the network are:

- Increase participation and widen access in sport and physical activity for children and young people and adults
- Develop the Riverside site as a multi sport environment and local sporting hub
- Improve existing sports and recreation facilities and develop new provision to meet identified community needs

Establishment of the Network was a key requirement in the Community Leisure Teams bid to Sport England for grant funding.

The Footsteps to Fitness and Next Steps walk programmes are part of the Lifestyle Initiative. The Lifestyle Initiative is the first in the country to attain the new and revised accreditation and denotes a high quality health walk scheme.

Planning Services

The Development Control Team hosted a successful public exhibition on proposals by Persimmon Homes for development at Newfield Village.

The appointment of a Senior Planning Officer brought the Development Control Team to full staff levels and will ensure the service returns to a position of strength.

The Building Control Service was to host a Technical Seminar on the subject of air tightness in buildings. The seminar was part of a series of events planned to improve customer interactions with the Building Control Team.

Environmental Health

The Environmental Health Team was drafting an Empty Property Strategy that would underpin the overall Housing Strategy and contribute to the regeneration of the District. A postal questionnaire had been sent to the owners of empty properties and a range of measures to assist and encourage the properties to be brought back into use was being developed.

A revised Contaminated Land Strategy would be presented to the Executive in March 2008. A rationalisation exercise had been undertaken that reduced the number of potential sites from over 700 to approximately 180. A prioritisation exercise would be undertaken to rank the sites with a view to site inspections commencing in April/May 2008.

Environmental Services

The Council in partnership with Sedgefield, City of Durham and Easington Councils entered into a new recycling contact with a new contractor, Green Cycle. The new contract will deliver 25% recycling in 2008/2009 by the recovery of 5200 tons of recycling materials from the household waste stream. The scheme, to be launched in April 2008, was designed to collect plastics and cardboard.

e. Health and Wellbeing

There was no report from Councillor M Potts.

132. QUESTIONS TO LEADER AND EXECUTIVE MEMBERS

There were questions for the Leader or Executive Members.

133. UPDATING OF MANAGING ORGANISATIONAL CHANGE DOCUMENT

Consideration was given to a report from the Director of Corporate Services seeking approval to an update of the Managing Organisational Change Document.

The Director of Corporate Services spoke to the report advising that the amendment to the document was the substitution of 'years service in local government' in place of 'years service with the Council' in the Retirement Policy.

The Council RESOLVED:

"That the revised Retirement Policy included as Appendix E of the Management of Change Document be approved."

134. PERFORMANCE AND IMPROVEMENT MANAGER REVIEW OF CORPORATE EQUALITY PLAN

Consideration was given to a report from the Director of Corporate Services on the implementation of the Corporate Equality Plan 2007.

The Performance and Improvement Manager spoke to the report.

The Council RESOLVED:

"1. That the continued implementation of the Corporate Equality Plan 2007 be approved.

2. That the information attached to the report as Appendices 1 and 2 be accepted."

135. APPOINTMENT TO LOCAL CHILDRENS BOARD

Consideration was given to a report from the Head of Legal and Democratic Services requesting the Council to appoint a Member to serve on the Local Childrens Board.

Councillor L Ebbatson advised of the development of the Local Childrens Board and of the need to appoint a representative to serve thereon.

Councillor Ebbatson proposed an amendment to the recommendation in the report, seconded by Councillor GK Davidson:

' That Councillor M Potts be appointed to serve on the Local Childrens Board.'

On the amendment being put, Councillors R Court and PB Nathan abstained from voting and the Council RESOLVED:

"1. That Councillor M Potts be appointed to serve on the Local Childrens Board.

2. That the appointment be an approved duty for the purpose of Regulation 8(1)(h) of the Local Authorities (Members Allowances)(England) Regulations 2003 (as amended).”

136. CORRESPONDENCE

There were no items of correspondence.

137. CONFERENCES

There were no invitations to attend Conferences.

138. 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:

Lease relating to premises known as Roseberry Grange Golf Complex,
Grange Villa, Chester-le-Street
Tenancy at Will in duplicate relating to Unit 11 Sacriston Industrial Estate
The Councils of Chester-le-Street, City of Durham, District of Easington and
Sedgefield Borough: Recycling Services Form of Agreement
JCT Contract in duplicate relating to the supply and installation of single ply
membrane roof deck of Civic Centre.”

139. CHAIRMAN'S ANNOUNCEMENTS

The Chairman advised that his Charity Dinner Dance would be held on Friday 7 March 2008 and that tickets were available.

The meeting terminated at 6.46 pm

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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 17 January 2008 at 3.30pm.

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

Officers Present: J Henderson (Acting Head of Resources Directorate), J Elder (Risk and Financial Services Manager), M Welsh (Principal Internal Auditor), K Roberts (Principal Internal Auditor) and C Turnbull (Democratic Services Officer).

The Chairman requested that the thanks of the Committee be recorded to Jacqueline McConnell and best wishes in her future employment.

27 APOLIGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor J Shiell.

28 MINUTES OF MEETING HELD 4 OCTOBER 2007

RESOLVED: "That the minutes of the proceedings at the meeting of the Committee held 4 October 2007 copies of which had previously been circulated, be confirmed as a correct record."

The Chairman proceeded to sign the minutes.

29 DECLARATIONS OF INTEREST FROM MEMBERS

There were no declarations of interest from Members.

30 INTERNAL AUDIT WORK COMPLETED

Consideration was given to a report from the Principal Internal Auditors giving an update of the findings of Internal Audit work completed within the third quarter of the 2007/2008 financial year. The report contained executive summaries of audits on Local Taxation, Rent Accounting, Housing Benefits and Rent Allowances, and Market Income and an extract of schedule of recommendations.

Local Taxation

M Welsh, Principal Internal Auditor, spoke to the report and advised of the key findings. Recommendations to address current issues and further improve the arrangements had been agreed with the Revenues and Benefits Assistant Manager.

Rent Accounting

K Roberts, Principal Internal Auditor, spoke to the report and advised of the key findings. The audit opinion was strong for the third year in a row and there were no recommendations for improvement.

Housing Benefits and Rent Allowances

M Welsh, Principal Internal Auditor, spoke to the report and advised of the key findings. The audit opinion was strong for the second year running and there were no recommendations for improvement.

Market Income

K Roberts, Principal Internal Auditor, spoke to the report and advised of the key findings. Recommendations to address the current issues and further improve the arrangements had been agreed with the Regeneration Programme Manager.

Leisure Income Follow Up

Members expressed their concerns over the delay in implementing the recommendations and agreed that the delay was not acceptable.

RESOLVED: "That the Chairman and the Principal Internal Auditor meet with the Leisure Services Manager on the matter and if necessary the Leisure Services Manager be requested to attend the next meeting of the Committee."

31 INTERNAL AUDIT PERFORMANCE

Consideration was given to a report from the Principal Internal Auditors on the activity and performance of Internal Audit between April and November 2007.

M Welsh, Principal Internal Auditor, advised that two issues had affected performance in the quarter, one of the Principal Internal Auditors had left the authority and not been replaced, and Officers had spent 32 days residual work from three investigations carried out during the summer. The impact on performance of the Head of Internal Audit leaving the authority was yet to be determined.

32 LOCAL CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT

Consideration was given to a report prepared by the Head of Internal Audit and the Risk and Financial Services Manager seeking approval of the Local Code of Corporate Governance and to the process for the preparation of the Annual Governance Statement.

The Risk and Financial Services Manager spoke to the report, outlining the legal and regulatory framework and arrangements for 2007/2008.

RESOLVED:

- “1. That the Governance Action Plan attached to the report as appendix 1, be approved.
2. That the new Local Code of Corporate Governance attached to the report as appendix 2, be approved.
3. That the process for preparation of the Annual Governance Statement for 2007/2008 as detailed on appendix 3 to the report, be approved.
4. That an appropriate method of review of the effectiveness of Internal Audit for 2007/2008 be adopted.”

33 ARRANGEMENTS FOR MANAGEMENT OF INTERNAL AUDIT

Consideration was given to arrangements for the future management of Internal Audit when the Acting Head of Resources advised of a number of options:

- Home grown approach i.e. Officers acting up
- Shared service with external sources i.e. Neighbouring Councils
- Internal resources
- Combination of external and internal resources
- Replacement of Head of Internal Audit

Members discussed the advantages and disadvantages of each option.

The Risk and Financial Services Manager offered to provide management support in the event of the in-house approach being preferred.

Members agreed that an in-house solution was the preferred option.

34 EXCLUSION OF PUBLIC AND PRESS

RESOLVED: “That under Section 100A of the Local Government Act 1972, 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 3 of Part 1 of Schedule 12A of the Act.”

35 INTERNAL AUDIT WORK COMPLETED

Consideration was given to a report from the Principal Internal Auditor giving an update on the findings of Internal Audit work. The report contained an executive summary on a cemeteries investigation.

M Welsh, Principal Internal Auditor, spoke to the report and gave a verbal update on a regeneration investigation

RESOLVED: "That the reports be accepted."

The meeting terminated at 4.20pm



Chester-le-Street
District Council

Report to: Full Council

Date of Meeting: 28th February 2008

Report from: Risk and Financial Services Manager

Title of Report: New Local Code of Corporate Governance

Agenda Item Number:

1. PURPOSE AND SUMMARY

- 1.1 This report seeks approval of Council to the proposed New Local Code of Corporate Governance which has been developed in response to the new Cipfa/Solace governance framework.

2. CONSULTATION

- 2.1 Chief Officers and Corporate Governance Steering Group members have been consulted on the contents of the report, and the Audit Committee considered a report at their meeting held on 17 January 2008 which included the draft copy of the Local Code of Governance.

3. CORPORATE PLAN AND PRIORITIES

- 3.1 Good corporate governance arrangements enable the authority to pursue its vision, as well as underpinning that vision with mechanisms for control and management of risk. Sound governance forms part of the corporate assessment under CPA and key lines of enquiry within Use of Resources. It further provides evidence for the Authorities direction of travel.

4. IMPLICATIONS

4.1 Financial Implications and Value for Money

There are no specific financial implications arising from the contents of the report. However, the Corporate Governance Framework's principles include 'ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.'

4.2 Local Government Reorganisation Implications

Whilst there are no direct implications to Local Government Reorganisation from the report, the new Cipfa/Solace governance framework will also apply to the new Unitary Authority.

4.3 Legal

There are no direct legal implications from the report, although the framework does include the requirement that authorities use their legal powers to the full benefit of the citizens and communities in their area, and to recognise the limits of lawful activity placed on them.

4.4 Personnel

The framework includes the core principle of 'developing the capacity and capability of members and officers to be effective' and the requirement to ensure that career structures are in place for members and officers to encourage participation and development.

4.5 Other Services

All service areas will be involved in reviewing compliance with the code on an annual basis. All managers are required to produce annual assurance statements to support the Annual Governance Statement (AGS), formerly the Statement of Internal Control.

4.6 Diversity

The framework includes the requirement to ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.

4.7 Risk

The framework includes the core principle of 'taking informed and transparent decisions which are subject to effective scrutiny and managing risk,' with specific requirement to ensure that an effective risk management system is in place.

4.8 Crime and Disorder

There are no crime and disorder implications arising from the report.

4.9 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.

4.10 Other Implications

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

5. BACKGROUND, AND NEW GOVERNANCE FRAMEWORK

- 5.1 The new CIPFA/SOLACE framework 'Delivering Good Governance in Local Government' sets out best practice for developing and maintaining a local code of governance and for discharging accountability for the proper code of public business, through the publication of an annual governance statement that will make the adopted practice open and explicit.

What do we mean by Governance?

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, and honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

Cipfa/Solcace Framework-'Delivering Good Governance in Local Government'

- 5.2 The new framework defines the principles that should underpin the governance of each local government body. It provides a structure to help individual authorities with their own approach to governance.

Authorities are encouraged to test their structures against the principles contained in the framework by:-

- Reviewing their existing governance arrangements against this framework;
- Developing and maintaining an up to date local code of governance, including arrangements for ensuring its ongoing application and effectiveness;
- Preparing a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.

- 5.3 The preparation and publication of an annual governance statement in accordance with the framework is necessary to meet the statutory requirements set out in the Accounts and Audit (Amendment) (England) Regulations 2006 for authorities to prepare a statement of internal control in accordance with 'proper practices'.

- 5.4 In order to review current arrangements, it was necessary to:-

- consider the extent to which the authority complies with the principles and requirements of good governance set out in the framework;
- identify systems, processes and documentation that provide evidence of compliance;

- identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified;
- identify the issues that have not been addressed adequately in the authority and consider how they should be addressed;
- identify the individuals who would be responsible for undertaking the actions required and plan accordingly.

5.5 The framework defines six core principles of good governance:-

Principle A	Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
Principle B	Members and officers working together to achieve a common purpose with clearly defined functions and roles.
Principle C	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
Principle D	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
Principle E	Developing the capacity and capability of members and officers to be effective.
Principle F	Engaging with local people and other stakeholders to ensure robust public accountability.

5.6 The six core principles have a series of supporting principles, each of which translates into a range of specific requirements that should be reflected in authorities' local codes.

6.0 EMBEDDING NEW ARRANGEMENTS

6.1 The Corporate Governance Steering Group has reviewed the Council's current governance arrangements against the new CIPFA/SOLACE Framework in accordance with recommended practice.

6.2 Whilst the review found that the Council's arrangements for corporate governance were essentially sound, there were areas for improvement and development identified by the Group and an action plan to address this was developed.

Key actions have included:

- (i) A report to Audit Committee regarding the adoption of the process for preparation of the Annual Governance Statement (AGS) for 2007-08
- (ii) Integration of Corporate Governance monitoring arrangements into the quarterly performance management framework
- (iii) The preparation of a New Local Code of Corporate Governance for approval by Full Council

7. THE NEW LOCAL CODE OF GOVERNANCE

- 7.1 The New Local Code of Governance is attached for Members approval at Appendix (1).

The Local Code is based on the recommended framework and clearly sets out:

- The Councils commitment to good governance
- Roles and responsibilities
- The six core principles (and supporting principles)
- Attributes of an effective governance framework
- Sources of assurance
- Annual review and reporting arrangements

The framework for the preparation of the Annual Governance Statement (AGS) is set out in Appendix (2) The AGS will be presented to Council for approval with the Annual Statement of Accounts.

8. RECOMMENDATIONS

- 8.1 The Council is recommended to:-

- (i) Approve and adopt the New Local Code of Corporate Governance attached at Appendix (1)
- (ii) Approve the process of producing the Annual Governance Statement through the Corporate Governance Steering Group

Background Papers

- Delivering Good Governance in Local Government Framework
- Delivering Good Governance in Local Government – Guidance Note for English Authorities

AUTHOR NAME: Jim Elder
DESIGNATION: Risk and Financial Services Manager
DATE OF REPORT 19 February 2008
VERSION NUMBER: 2.0

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Chester-le-Street
District Council

Local Code of Corporate Governance



2008

The council's commitment

Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises of the systems, processes, cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community.

Good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately, good outcomes for citizens and service users. Good governance enables the authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.

The Council aims to meet the standards of the best and have governance arrangements in place that are not only sound but also seen to be sound.

About this document

This Code of Corporate Governance, which takes account of the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), provides the structure and outline of the Council's approach to corporate governance.

Roles and Responsibilities

Overall responsibility for the policy will rest with the Council (as the body responsible for corporate governance) and in particular the Leader of the Council and Chief Executive.

The Corporate Governance Steering Group will be responsible for monitoring and providing assurance on the governance process. Current guidance on the functions of audit committees and standards committees requires that they also receive assurances on the effectiveness of the Council's corporate governance arrangements.

The Principles of Governance

The Council operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes.

The Council will apply six core principles in performing its key roles and other duties as a Local Authority. These core principles are:-

Principle A	Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
Principle B	Members and officers working together to achieve a common purpose with clearly defined functions and roles.
Principle C	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
Principle D	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
Principle E	Developing the capacity and capability of members and officers to be effective.
Principle F	Engaging with local people and other stakeholders to ensure robust public accountability.

Supporting each of the six principles is a series of supporting principles, each of which in turn translates into a range of specific requirements of the Code. The details of this are attached as Appendix 1- delivering the principles of governance.

Attributes of an effective governance framework

The Council will develop and promote an effective governance framework that will demonstrate the following attributes:

1	There is clear vision of the authority's purpose and intended outcomes for citizens and service users that is clearly communicated, both within the organisation and to external stakeholders
2	Arrangements are in place to review the authority's vision and its implications for the authority's governance arrangements
3	Arrangements exist for measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources.
4	The roles and responsibilities of the executive, non executive, scrutiny and officer functions are clearly defined and documented with clear delegation arrangements and protocols for effective communication.
5	Codes of conduct defining standards of behaviour for members and staff are in place, conform with appropriate ethical standards, and are communicated and embedded across the organisation
6	Standing orders, financial regulations, a scheme of delegation and supporting procedures notes/manuals which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls to manage risks.
7	The core functions of an audit committee as defined in CIPFA's Audit Committees – A Practical Guide for Local Authorities 92005), are undertaken by members
8	Arrangements are in place to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful. All reports are considered for legal issues before submission to members
9	Arrangements for whistle-blowing and for receiving and investigating complaints from the public are in place and are well publicised
10	Arrangements are in place for the needs of members and senior officers in relation to their strategic roles, and are supported by appropriate training
11	Clear channels of communication have been established with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
12	Governance arrangements with respect to partnerships and other group working incorporate good practice as identified by the Audit Commission's report on the Governance of partnerships and are reflected in the authority's overall governance arrangements

Sources of assurance

Management from across the organisation will provide the primary source of assurance and members need to ensure that there are appropriate assurance gathering arrangements in place to enable those assurances to be mapped against the principles in the framework.

An effective internal audit will also be a significant source of assurance.

Further assurances from a wide range of external sources including:

- Corporate assessments and direction of travel statements
- Inspections
- External audit (Annual Accounts and Use of Resources)

Annual review and reporting arrangements

The Council will undertake regular, at least annual, reviews of their governance arrangements to ensure continuing compliance and such reviews will be reported within the Council to the Audit Committee.

An Annual Governance Statement on the extent to which the Council complies with this Code and how it has monitored the effectiveness of its governance arrangements will be prepared and reported externally with the statement of accounts.

To ensure that the process of preparing the governance statement will, in itself, add value to the corporate governance and internal control framework of the Council, the statement will be prepared in accordance to “Delivering Good Governance in Local Government Framework”, published by CIPFA/SOLACE.

Appendix 1 - Delivering the Principles of Governance

Principle A - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.		
	Good governance requirement:	Delivered by:
A1	Develop and promote the authority's purpose and vision	Purpose and vision used as a basis for: - Corporate and service planning - Shaping the community strategy - Local area or performance agreements Residents Survey
A2	Review on a regular basis the Authority's vision for the local area and its impact on the Authority's governance arrangements	Governance Code
A3	Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties	Partnership protocol Governance code
A4	Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance	Annual financial statements Annual business plan
A5	Decide how the quality of services for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	This information is reflected in: -corporate plan -performance management - CPA assessment scored 3 for achievement -medium term financial strategy -resourcing plan in order to ensure improvement
A6	Put in place effective arrangements to identify and deal with failure in service delivery	Performance management framework Reports to Exec and Scrutiny Complaints procedure Approach to continuous performance improvement
A7	Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review VFM and performance effectively. Measure the environmental impact of policies, plans and decisions	The results are reflected in the authority's performance plans and in reviewing the work of the authority

Principle B - Members and officers working together to achieve a common purpose with clearly defined functions and roles.		
	Good governance requirement:	Delivered by:
B1	Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach to putting this into practice. Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and senior officers.	Constitution Record of decisions and supporting materials
B2	Determine a scheme of delegation and reserve powers within the constitution including a formal schedule of those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required	Constitution
B3	Make a Chief Executive or equivalent responsible and accountable to the authority for all aspects of operational management	Conditions of employment Scheme of delegation Statutory provisions Job descriptions/specifications Performance management system
B4	Develop protocols to ensure that the leader and chief executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	New chief executive and leader pairing consider how best to establish and maintain effective communication
B5	Make a senior officer [the S151 officer] responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, for maintaining an effective system of internal control	Section 151 responsibilities Statutory provision Statutory reports Budget documentation Job description/specification
B6	Make a senior officer [usually the monitoring officer] responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with	Monitoring officer provisions Statutory provisions Job description/specification
B7	Develop protocols to ensue effective communication between members and officers in their respective roles	Member/officer protocol

B8	<p>Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process' including an effective remuneration panel.</p> <p>Ensure that effective mechanisms exist to monitor service delivery</p>	<p>Pay and conditions policies and practices</p>
B9	<p>Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated</p>	<p>Vision Strategy Corporate plans Budgets Performance plan/regime</p>
B10	<p>When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relationship to the partnership and to the authority</p> <p>When working in partnership: Ensure there is clarity about the legal status of the partnership</p> <p>Ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organization to partner decisions</p>	<p>Protocols for partnership working.</p> <p>For each partnership there is:</p> <ul style="list-style-type: none"> -a clear statement of the partnership principles and objectives -clarity of each partners role within the partnership -definition of roles of board members -line management responsibilities for staff who support the partnership -a statement of funding sources for joint projects and clear accountability for proper financial administration -a protocol for dispute resolution within the partnership

Principle C – Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.		
	Good governance requirement:	Delivered by:
C1	Ensure that the authority's leadership sets a tone for the organization by creating a climate of openness, support and respect	Employee briefings
C2	Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols	Members/officers code of conduct performance management system Performance appraisal Complaints procedure Anti-fraud and corruption policy Member/officer protocols
C3	Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice	Standing orders Codes of conduct Financial regulations
C4	Develop and maintain shared values including leadership values for both the organization and staff reflecting public expectations and communicate these with members, staff, the community and partners	Codes of conduct
C5	Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice	Codes of conduct
C6	Develop and maintain an effective standards committee	Terms of reference Regular reporting to Council
C7	Use the organizations shared values to act as a guide to decision making and as a basis for developing positive and trusting relationships within the authority	Decision-making practices
C8	In pursuing the vision of a partnership, agree a set of values against which decisions making and actions can be judged. Such values must be demonstrated by partners behaviour both individually and collectively	Protocols for partnership working

Principle D - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.		
	Good governance requirement:	Delivered by:
D1	Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organization for which it is responsible	Scrutiny is supported by robust evidence and data analysis
D2	Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are made	Decision-making protocols record of decisions and supporting materials
D3	Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice	Members code of conduct
D4	Develop and maintain an effective audit committee (or equivalent) which is independent of the executive or scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee	Terms of reference Membership Training for committee members
D5	Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints	Complaints procedure
D6	Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications	Members induction scheme Training for committee chairs
D7	Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately	Record of decision-making and supporting materials
D8	Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognizing that risk management is part of their	Risk management protocol Financial standards and regulations

	jobs	
D9	Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access	Whistle-blowing policy
D10	Actively recognize the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilize powers to the full benefit of their communities	Constitution Monitoring officer provisions Statutory provision
D11	Recognize the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.	Constitution Monitoring Officer Protocols
D12	Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationally, legality and natural justice – into their procedures and decision-making processes	Job description/specification Statutory provisions

Principle E – Developing the capacity and capability of members and officers to be effective.		
	Good governance requirement:	Delivered by:
E1	Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis	Training & development plan Induction programme Update courses/information
E2	Ensure that the statutory officers have the skills, resources, and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority	Job description/personal specifications Membership of top management team
E3	Assess the skills required by members and officers and make commitment to develop those skills to enable roles to be carried out effectively	Training & development plan
E4	Develop skills on a continuing basis to improve performance, including the ability to scrutinize and challenge and to recognize when outside expert advice is needed	Training & development plan reflect requirements of modern councillor including: -the ability to scrutinize & challenge -the ability to recognize when outside advice is required -advice on how to act as an ambassador for the community -leadership and influencing skills
E5	Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training and development needs	Performance management system Members Charter
E6	Ensure effective arrangements designed encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority	Strategic partnership framework Stakeholders' forums' terms of reference Area forums' roles & responsibilities Residents' panel structure
E7	Ensure that career structures are in place for members and officers to encourage participation and development	Succession planning

Principle F - Engaging with local people and other stakeholders to ensure robust public accountability.

	Good governance requirement:	Delivered by:
F1	<p>Make clear to themselves, all staff and the community to whom they are accountable and for what</p> <p>Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required</p>	<p>Corporate Plan</p> <p>Revised local Code of Corporate Governance</p>
F2	Produce an annual report on the activity of the scrutiny function	Corporate Plan includes a chapter on the work of scrutiny
F3	<p>Ensure that clear channels of communication are in place with all sections of the community and other stakeholders and put in place monitoring arrangements to ensure that they operate effectively. Hold meeting in public unless there are good reasons for confidentiality. Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognize that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.</p>	<p>District News</p> <p>Public involvement in scrutiny projects</p> <p>Council encourages public speaking at meetings</p> <p>Information in public areas eg Town centre consultation</p> <p>Public consultation during LSVT</p> <p>Council supports residents associations</p> <p>Processes for dealing with competing demands</p>
F4	Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about, including a feedback mechanism for those consultees to demonstrate what has changed as a result.	<p>Partnership framework</p> <p>Community Consultation Plan</p> <p>Communication Strategy</p>
F5	On an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and satisfaction of service users in the previous period	<p>Annual report</p> <p>Annual financial statements</p> <p>Corporate plan</p> <p>Annual business plan</p>
F6	Ensure that the authority as a whole is open and accessible to the community, service users and its staff	Constitution

	to ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.	
F7	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making	Constitution

ANNUAL GOVERNANCE STATEMENT (AGS) FRAMEWORK

Governance Framework – Key Documents/Functions

- Sustainable Community Strategy
- Local Area Agreement
- Constitution
- Corporate Plan
- Service Planning Framework
- Business Transformation Projects
- Community Engagement Strategy
- Communication Strategy
- ICT Strategy
- Human Resources Strategy
- Performance Management Framework
- Schedule of Council Meetings
- Council Procedure Rules
- Record of Decisions
- Partnership Working Toolkit
- Code of Conduct for Members
- Members Induction and Training Programme
- Code of Conduct for Employees
- Officer and Member Protocols
- Confidential Reporting Policy
- Code of Corporate Governance
- Risk Management Strategy
- Anti-Fraud and Corruption Policy
- Capital Projects Methodology
- Information Governance
- Procurement Strategy
- Contract Procedure Rules
- Medium Term Financial Plan/Budgets
- Treasury Management Framework
- Annual Statement of Accounts
- Financial Procedure Rules
- Scheme of Delegation
- Complaints Process
- Equalities Plan

Annual Governance Statement

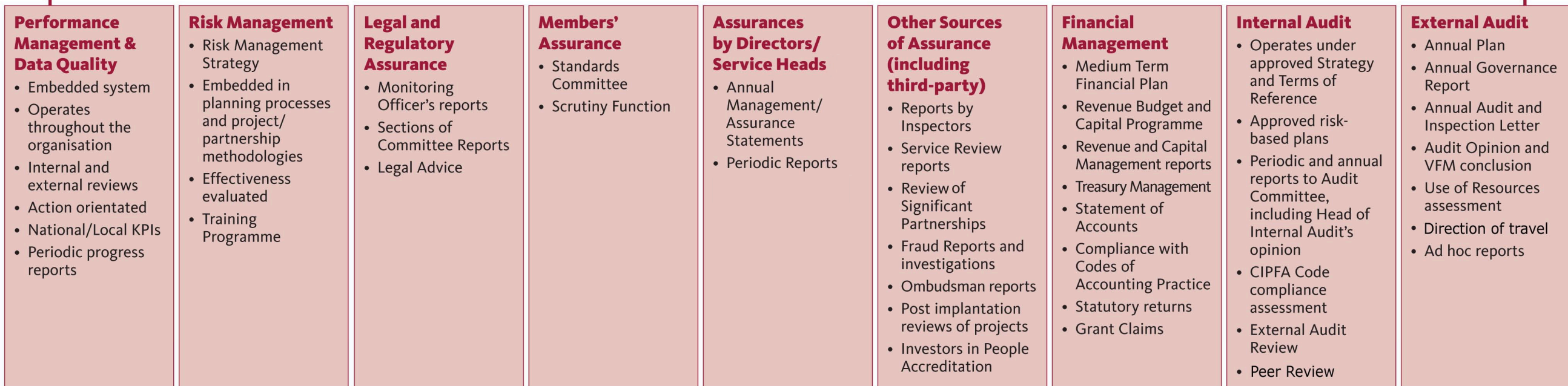
Signed by the Leader of the Council and Chief Executive and published with the Statement of Accounts

Independent review and approval by Audit Committee who examine draft AGS and supporting evidence

Review of the effectiveness of the system of Internal Audit

Authority & Directorate Policies, Business Plans and Risk Registers

Corporate Governance Group with responsibility for drafting AGS after evaluating assurances and supporting evidence



Ongoing assurance on adequacy and effectiveness of controls over key risks

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Chester-le-Street
District Council

Report to: Council

Date of Meeting: 28th February 2008

Report from: Health and Safety Manager

Title of Report: Corporate Statement of Health and Safety Policy

Agenda Item Number:

1. Purpose and Summary

- 1.1 The purpose of the report is to submit to Council a revised Statement of General Policy Health and Safety at Work that reflects the changes made to the Corporate structure including the Housing Stock Transfer and formation of Cestria Community Housing. This statement is attached as Appendix A.
- 1.2 In summary the Statement of General Policy Health and Safety at Work proposes:
- A broad statement of intent.
 - An organisational structure for fulfilling the statement of intent.
 - Outline arrangements for meeting the requirements of current health and safety legislation.
 - Commitment from senior officers and Elected Members.
- 1.3 Members approve the statement with the effective date of the forthcoming Housing Transfer

2. Consultation

- 2.1 Consultation has been through the Corporate Management Team for outline approval of the Statement of General Policy Health and Safety at Work.
- 2.2 Within the body of the Statement of General Policy Health and Safety at Work there is provided the mechanism for consultation on all other matters having an affect on health and safety including provision of written service area health and safety policy pertaining to activities of respective directorates.

3. Corporate plan and Priorities

- 3.1 Priority 1 will be supported by providing a safe and healthy working environment with safe access to services for our customers.
- 3.2 Priority 2 will be supported by ensuring service providers, internal and external, are competent to deliver their service.
- 3.3 Priority 3 will be supported by ensuring that, in meeting the decent homes standard that none of our tenants are exposed to unacceptable levels of risk.
- 3.4 Ensuring our partners are competent to undertake the necessary work in a safe manner will aid the regeneration of the District and support Priority 4.
- 3.5 Compliance with health and safety duties will aid compliance with section 17 of the Crime and Disorder Act and will ensure that our services do not encourage crime and support Priority 5

4. Implications

4.1 Financial and Value for Money Statement

Current budget addresses necessary financial provision. The proposals will assist in the continued development of robust Health and Safety policies and proposals. As such the report proposals will ensure value for money.

4.2 Local Government Reorganisation Implications

The proposals have no significant implication in terms of Local Government Reorganisation.

4.3 Legal

The Council, as the employer, has a statutory duty to prepare and as often as may be appropriate revise a written statement of his general policy with respect to health and safety at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of his employees.

4.4 Personnel

This Statement of General Policy Health and Safety at Work will compliment policies already adopted by Council including for example Discipline and Grievance.

4.5 Other Services

Health and Safety impacts on all activities of the Council, our partners, contractors, service users and members of the community, adoption of this Statement of General Policy Health and Safety at Work will support their

continued safety.

4.6 Diversity

Adoption of this Statement of General Policy Health and Safety at Work will support Equality and Diversity by not disadvantaging smaller employers or contractors.

4.7 Risk

Risk implications cannot be determined from the report presented, there are several areas that have the potential to incur loss including the failure to comply with statutory duty and subsequent prosecution on indictment can result in unlimited fine.

Specific corporate standards, guidance and associated training will enable risk to be determined more comprehensively.

Risk arising from civil claims at common law, employee or public liability, will be better defended if this Statement of General Policy Health and Safety at Work is approved.

4.8 Crime and Disorder

Under section 17 of the Crime and disorder Act 1998 it is a requirement that the Council through their acts or omissions do no encourage acts of crime or disorder. Adoption of this Statement of General Policy Health and Safety at Work will support this requirement.

4.10 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.

4.11 Other Implications

Communication:

Of the Statement of General Policy Health and Safety Work will be through the Health and Safety Management Group, supported by Corporate and Directorate induction programmes and training.

E- Government:

Efficient government will be supported by ensuring access to this Policy and corporate standards approved by CMT via the intranet.

Procurement:

Selection and control of contractors will be rationalised and will be developed to address all necessary areas requiring vetting to determine competency, quality and best value.

Sustainability:

Compliance with duties under the Construction Design and Management Regulations 2007 require Designers to design safely and consider the environmental impact of materials used in construction and during the lifetime of the end product and ultimately it's disposal. Selection of competent contractors will support this process.

Monitoring and Review:

This has been identified within the body of the Statement of General Policy Health and Safety at Work and will be developed as part of the Auditing process.

5. Background ,Position Statement and Option Appraisal

- 5.1 Health and Safety Management in recent years has been an integrated part of Organisational Development in Resources Directorate. Previously it did not have a Director that embraced the service. Health and Safety is now positioned within the responsibilities of the Director of Corporate Services which represents a further improvement in responsibility structure.
- 5.2 The Large Scale Voluntary Transfer and formation of Cestria Community Housing has significantly altered the structure previously in place. This revised version of the Corporate Statement of Health and Safety Policy better reflects those changes.
- 5.3 In view of these changes it is necessary for the council to amend its Statement of General Policy to reflect structural changes within the organisation. Appendix 1 provides the amended statement with the structural changes made within the flowchart incorporated within that document. No other changes are made. The effective date of the revised policy will be the date of the Housing Service Transfer.

6. Recommendations

- 6.1 That the Statement be approved with an immediately effective date.

7. Background Papers/ Documents referred to

- 7.1 Corporate Statement of Health and Safety Policy

AUTHOR NAME: Denver Meade
DESIGNATION: Health and Safety Manager
DATE OF REPORT: 18th February 2008
VERSION NUMBER: 2.0 February 2008

AUTHOR CONTACT DETAILS: Telephone: 0191 2372020 Mobile 07747008049
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Appendix A



Chester-le-Street
District Council

Statement of General Policy

Health and Safety at Work



January 2008

**APPENDIX A
CHESTER LE STREET DISTRICT COUNCIL**

STATEMENT OF GENERAL POLICY

HEALTH AND SAFETY AT WORK

1. Statement of Intent

- 1.1 Chester Le Street District Council (the Council) accepts its responsibilities as an employer for providing a safe and healthy working environment for all its employees and that activities undertaken by the Council will be performed in a way that will protect the health and safety of its staff, customers, service users and the general public.

2. Organisation

- 2.1 The Council exercises the statutory duties and powers that affect the Authority as an employer, including the provisions of the Health and Safety at Work etc. Act 1974 and associated Regulations.
- 2.2 The responsibility for determining the Council's health and safety policy rests with Elected Members as part of the streamlined committee arrangements.
- 2.3 The Chief Executive carries out the statutory role of the Head of Paid Service for the Council. The post holder manages and leads the Corporate Management Team of Directors and other appointees in achieving the strategic policy and service objectives determined by the Council.
- 2.4 The Chief Executive has responsibility for ensuring the Council's policy on health and safety at work is effectively implemented across the Council. In the absence of the Chief Executive, a nominated member of the Corporate Management Team will undertake responsibility.
- 2.5 The Directors of Development, Resources and Corporate Services are responsible for applying the Council's health and safety policy within their respective areas and for the provision of a written service area health and safety policy pertaining to the activities of their respective departments.
- 2.6 The Health and Safety Team is responsible for providing professional advice, assistance and support on all occupational health and safety matters including: preparation of corporate health and safety policy, training, risk assessment, accident investigation, audit and other relevant matters.
- 2.7 The Council recognises for this policy to work, active participation by the Council's employees is required. The Council therefore fully endorses the formation of a Health and Safety Management Group incorporating representatives from employees, management and elected members to represent the whole of the Authority to assist in developing corporate standards and monitoring the Health and Safety Management system and will provide the necessary funding, facilities and training to fulfill those duties.

- 2.8 All other Senior Officers and persons having supervisory duties are required to, as part of their normal duties, accept responsibility for ensuring that the intent of the health and safety policy is followed in the area of their service provision and in accord with their departmental service area health and safety policy.
- 2.9 Employees have a statutory duty to exercise personal care and responsibility towards themselves and others, and to co-operate with the Council in the execution of this policy.
- 2.10 Directors shall, in any case of inability to implement required health and safety policy provisions, arising from lack of resources, raise the matter with the management team and prepare a report for Council.

3. **Arrangements**

- 3.1 The Council will, so far as is reasonably practicable, or otherwise, take all reasonable steps to meet its statutory obligations in respect of health and safety at work, paying particular attention to the provision and maintenance of:
- 1) all workplaces under the Council's control in a condition that is safe and without risks to health, and means of access to and egress from these places that is safe and without such risks;
 - 2) plant, equipment and systems of work that are safe and without risks to health;
 - 3) arrangements to ensure the safety and absence of risks to health in relation to the use, handling storage and transport of articles and substances;
 - 4) such information, instruction, training and supervision as is necessary to ensure the safety at work of all employees;
 - 5) a working environment for employees that is safe and without risks to health and adequate as regards facilities and arrangements for their welfare at work;
 - 6) systems for ensuring the health and safety of all its staff, service users, contractors and general public;
 - 7) adequate first aid facilities;
 - 8) procedures for reporting accidents, injuries, dangerous occurrences and industrial diseases;
 - 9) procedures for undertaking risk assessments;
 - 10) adequate procedures, protective and preventative, for dealing with serious and imminent danger i.e. fire, bomb threat;
 - 11) procedures for dealing with lone working and violent incidents;
 - 12) procedures for consulting appointed representatives on matters having affect on health and safety.

- 3.2 Service area health and safety policy statements and associated procedures will detail the above arrangements in sufficient depth to meet the needs of individual service areas and will be monitored by the Health and Safety Team and service area management.
- 3.3 Employees will only be directed by and accept work from competent line management or other authorised persons.
- 3.4 A copy of this statement will be available to all existing staff. New starters will be issued a copy as part of their induction process.
- 3.5 This statement will be reviewed following any changes to statutory requirements, organisation or arrangements that have an affect on its operation, in any event not more than annually.

This Statement of General Policy was approved by the Council on

28th February 2008

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We fully support and are committed to implementing the Council's Statement of Health and Safety at Work and encouraging positive attitudes and behaviour by all staff towards health and safety.

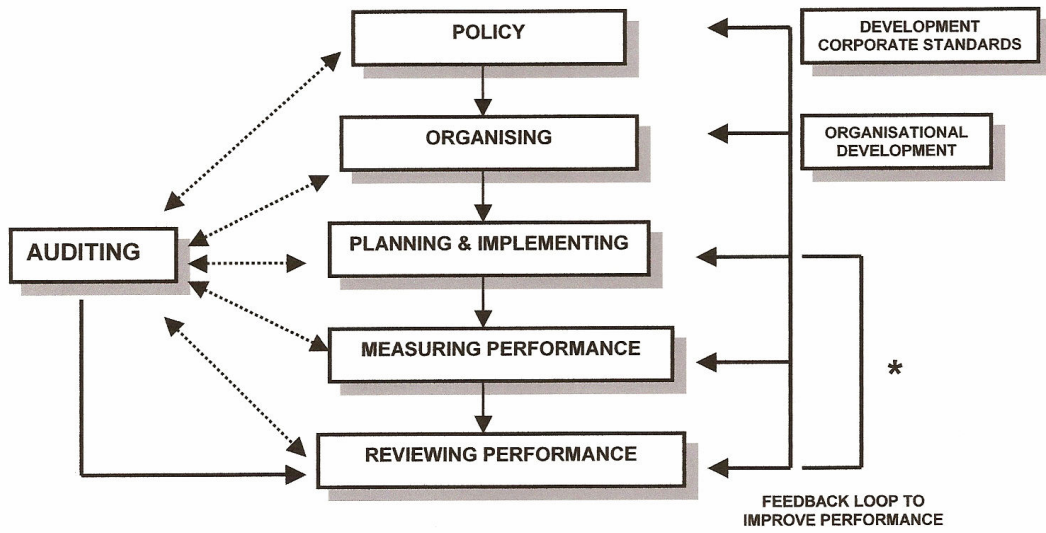
Signed

Chief Executive

Leader of the Council

Dated 28th February 2008

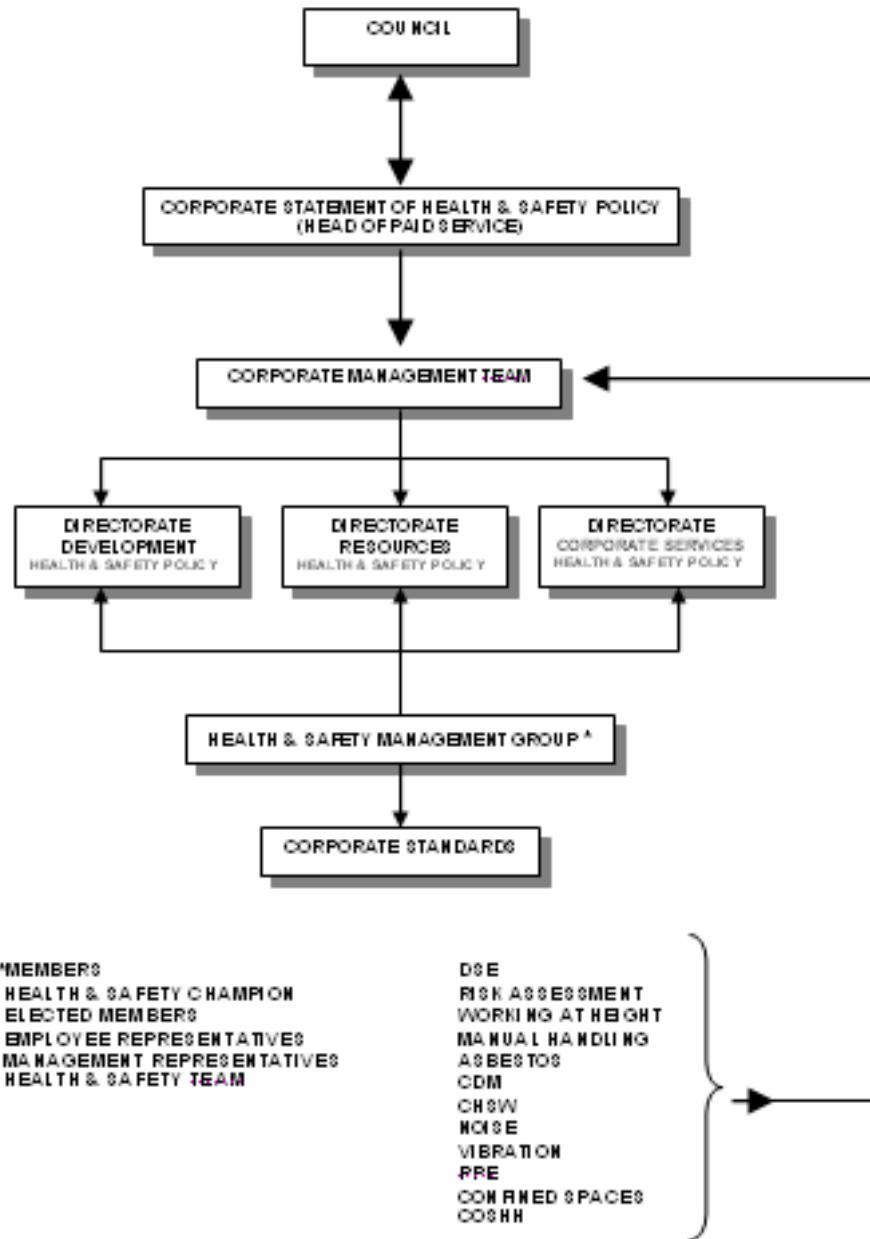
HEALTH & SAFETY MANAGEMENT



LEGEND

- * DEVELOP TECHNIQUES – PLANNING MEASURING/REVIEWING PERFORMANCE
- INFORMATION LINK
- CONTROL LINK
- ↳ PERFORMANCE IMPROVEMENT

HEALTH & SAFETY MANAGEMENT IN PRACTICE





Chester-le-Street
District Council

Report to:	Council
Date of Meeting:	28 February 2008
Report from:	Head of Corporate Finance
Title of Report:	Section 17 Crime and Disorder Act 1998
Agenda Item Number:	11

Section 17 of the Crime and Disorder Act 1998 places a duty on the Council to consider all of its budgets, policies and plans from the standpoint of their potential contribution to the reduction of crime and disorder.

In deciding on the allocation of resources for the 2008/09 Budget I would remind Members of the need to take this duty into account.

Ian Herberson
Head of Corporate Finance
28 February 2008
Version 1.0

Contact Details:
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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

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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Report to: Special Executive
Date of Meeting: 18 February 2008
Report from: Head of Corporate Finance
Title of Report: 2008/2009 General Fund Revenue
Budget and Council Tax Proposals
Agenda Item Number: 4

1. PURPOSE OF REPORT

- 1.1 The report summarises the 2008/09 general fund budget proposals for consideration by the Executive, prior to the submission of the final budget and council tax recommendations to Council on 28 February 2008.

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 are considering the budget proposals for the services within their expected remits and the Panels' comments will be reported to the Executive on 18th February.
- 2.2 Finally, non-domestic ratepayers will be consulted on the Council's budget proposals and Executive will be advised of their comments at its meeting on 18th February.

3. CORPORATE PLAN AND PRIORITIES

- 3.1 As the report is wholly concerned with the general fund revenue budget, it provides the means by which the Council will achieve the revised targets set out in the Corporate Plan for 2007/10 which was revised by the Executive in December 2007.

- 3.2 The council must reassess its priorities and non priorities as part of the corporate planning cycle and to address the impact of Local Government Reorganisation. The current priorities were first set out in June 2005 within the first three year corporate plan for 2005/2008. This plan set out seven council priorities which have driven the council's progress and achievements over the last three years. With Local Government Reorganisation in mind in December the Executive agreed to develop a single corporate priority under the banner of 'People and Place'. Work on a 'Transition Plan' has commenced and will be reported to the Council in March. This plan will again review Corporate Plan proposals and will clearly define the revised priority and an action plan for delivery in what will be the last year of the council's life as a District Council. This will assist in giving a clear route map for what the council will seek to achieve. The budget process has been developing in conjunction with work on the development of the new single priority.
- 3.3 In previous years the council has been able to take into account its Residents' Opinion Survey to assist budget setting. Last year's opinion survey was linked to the Best Value Performance information. During the current financial year the council has undertaken another Residents Survey and high level results have been made available to inform the budget process. As part and parcel of consulting residents on the budget process the council has continued to ask additional questions in the current Residents Opinion Survey about value for money. The results are set out in the next section.

4. IMPLICATIONS

4.1 Financial and Value for Money

The financial implications are detailed throughout the report.

The headline results of the Residents Opinion survey on value for money include;

Priority 1 Customer Excellence

- 65.4% feel that all services delivers value for money and 16.4% would pay more for them
- 82.5% feel that the concessionary fares scheme delivers value for money and 27.5% would pay more

Priority 2 Working in Partnership

- 80.5 % feel that the community safety service delivers value for money and 45.0% would pay more for it

Priority 3 Meeting the Decent Homes

- 66.0% feel that housing strategy is value for money and 16.0% would pay more

Priority 4 Regenerating the District

- 75.0% feel that the regeneration service delivers value for money and 27.3% would pay more
- 66.0% feel that planning is value for money

Priority 5. Neighbourhood Management

- 92.2% feel that the household waste collection is value for money
- 84.0% feel that the recycling service delivers value for money and 40.0% would pay more for it
- 68.7% feel that the street cleaning service delivers value for money and 20.4% would pay more
- 75.2% feel that environmental health services are value for money and 21.2% would pay more

Priority 6 New Ways of Working in Leisure

- 74.4% feel that open space services provide value for money and 21.8% would pay more
- 71.0% feel that leisure facilities are value for money
- 66.3% feel that other leisure services provide value for money

Priority 7 Maximising Efficiencies

- 55.1% feel that Revenues and Benefits provide value for money
- 77.0% feel that other services deliver value for money

4.2 Legal

There are no legal implications.

4.3 Personnel

Some of the savings do result in the deletion of vacant posts.

4.4 Other Services

Clearly the budget proposals for 2008/09 have implications for all service areas of the Council.

4.5 Diversity

The budget proposals for 2008/09 do not make any specific additional provision for equalities and diversity work.

4.6 Risk

The budget proposals have been subjected to a risk assessment which is summarised in Appendix C to the report.

4.7 Crime and Disorder

The Crime and Disorder Act of 1998 requires the Council to consider all of its budgets, policies and plans in the light of their contribution to the reduction of 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 implications arising from the contents of the report.

5. **THE FINANCE SETTLEMENT**

5.1 The final finance settlement for 2008/09 was received on 24 January 2008:-

	£million
Revenue Support Grant	0.626
NNDR	4.495
Formula Grant	5.121

Increase in formula grant compared with the adjusted 2007/08 figure = £0.051m (or 1%).

6. **RESOURCES AVAILABLE FOR 2008/09**

6.1 As stated in section 5.1 above, Chester le Street District Council will receive formula grant of £5.121 million in 2008/09. The level of resources available to the Council to fund its general fund revenue expenditure is also dependent on Council Tax levels. Every 1% increase in Council Tax raises approximately £30,000.

6.2 At present, in estimating the resources available, the funding projections incorporate a 1%, 3% and 5% Council Tax increase; a tax base of 17,086.65 Band D properties and a collection fund surplus of £30,000. The table below shows how the resources available will vary depending upon the Council Tax set for 2008/09:-

	5% increase £m	3% increase £m	1% increase £m
Formula Grant	5.121	5.121	5.121
Council Tax	3.158	3.098	3.038
Collection Fund Surplus	0.030	0.030	0.030
Total Resources	8.309	8.249	8.189

This will result in a Band D Council Tax of £177.82 (1% rise), £181.34 (3% rise) or £184.86 (5% rise) for the District Council, an increase of £1.76, £5.28 or £8.80 respectively, for the year, on the 2007/08 Band D tax of £176.06.

6.3 The Council Tax has to be calculated at Band D, but approximately 84% of the properties are in a lower Council Tax band and will, therefore, pay less than the 'average' Band D Council Tax.

6.4 In announcing the provisional finance settlement, the government has made it clear that they expect council tax to increase by substantially less than 5% overall.

7. 2008/09 BUDGET PROJECTIONS

7.1 A significant amount of growth has been incorporated in the 2008/09 budget projections as it is unavoidable:-

	£'000
Salaries, Wages and pensions	246
Reduction in income - including the impact of one-off grants, planning delivery grant and benefits subsidy	260
Increase in the recycling budget	46
Increase in the cost of utilities	48
Less Net savings in deleted posts	(163)
Increase in development control income	(50)
New planning delivery grant	(50)
Increase in benefits admin grant	(7)
	330

7.2 After taking account of all unavoidable growth, the projected 2008/09 base budget amounts to £8.430 million.

7.3 The 2008/09 projections above do not include any provision to offset the problems identified in the Mid Year Financial Monitoring Position report in respect of Leisure Services, Environmental Services and Regeneration. It is expected that those services will ensure that any expected shortfall in income or increase in expenditure is covered by savings within the service. However, some of the savings identified by Leisure Services (£52k) and Environmental Services (£72k) can't be accepted without consideration by Members. These proposals are included in the options which will be considered later in this report. After taking account of this service growth the 2008/09 base budget amounts to £8.554million

7.4 The draft 2008/09 budget assumes an ongoing saving of £215,000 from vacancies. It is estimated that this saving will be achieved in the current year through natural vacancies. The procurement savings target and the additional income target of £50,000 and £45,000 respectively are also included in the draft 2008/09 budget.

8. GROWTH BIDS

- 8.1 Service areas were not asked to submit any proposals for new growth. However, as the Executive are considering a number of options including support to partner organisations and directing resources to a new single priority around “People and Place” it is worth noting that this growth is not included in section 7.3 above.

9. SAVINGS REQUIRED

- 9.1 The 2008/09 projected budget - incorporating all unavoidable growth, but excluding any growth identified by Members amounts to £8.554m.

The gap between this and the resources available clearly depends on the Council Tax level and Member growth proposals. The table below shows the amount of savings which need to be identified depending on the Council Tax increase:-

Council Tax Increase	Savings Required £000
5%	245
3%	305
1%	365

- 9.2 All Service Team Managers and Heads of Service were asked to identify savings proposals as part of their budget preparation. A summary of the options are detailed in section 10 below.
- 9.3 Any other growth over and above that highlighted in section 7.1 will require further savings to be identified.
- 9.4 As stated in section 7.4, the 2008/09 budget still includes an assumption that savings amounting to £215,000 will be achieved through managing vacancies; this is over and above any saving identified from the deletion of vacant posts.

10. 2008/09 SAVINGS

10.1 The savings proposals are as follows:-

	£
Leisure	
Administration-Remove Funding for Modern Apprentice	5,000
Play Areas-Maintenance	5,000
Pelton Fell Hall-Transfer Responsibility to Community Group or Close	17,810
	27,810
Environmental Services	
Refuse Collection-Publicity (Use alternative methods)	3,620
Refuse Collection-Printing (Use alternative methods)	1,000
Refuse Collection-Delete Spare Lifter Post (To be covered by existing staff-service has managed without this post due to long term sickness)	24,689
Cemeteries-Risk Assessments (Inspection of Headstones-we carry out annual inspections but the appropriate Cemetery bodies recommend every 3 years)	5,000
Grounds Maintenance-Delete Sickness Cover and Reduce Apprentice Programme (To be covered by existing staff-no redundancy implications – work smarter not harder)	30,599
	64,908
Environmental Health	
Pest Control-Introduce New Rodent Fees (See Appendix B for more detail)	34,000
Environmental Health-Agency Fees (See Appendix B for more detail)	12,000
Licensing-New Gambling Act Fee Income	5,000
	51,000
Regeneration	
Regeneration and Tourism-Mileages	500
Stella Gill Industrial Estate-Repairs	1,000
Stella Gill Industrial Estate-Services Property	500
Sacriston Industrial Estate-Repairs	2,000
Plawsworth Road Industrial Estate	1,000
Industrial Estates Management-Publications	200
Industrial Estates Management-Services Financial	350
Industrial Estates Management-Services Property	500
Asset Planning-Mileages	400
Asset Planning-Legal Fees	250
Asset Planning-Computer Software	2,400
Central Support-Equipment	200
Central Support-Clothing	200
Central Support-Publications	450
Central Support-Hospitality	950
Housing Strategy-Hospitality	410
Community Development-Postages/Telephones/Hospitality	1,600
Programme Management-Mileages/Printing & Stationery/Market Office Repairs	3,400
	16,310

	£
Revenues and Benefits	
Revenues & Benefits Manager Administration-Travelling Expenses	100
Revenues & Benefits Manager Administration-Printing & Stationery	50
Revenues & Benefits Manager Administration-Publications	100
Revenues & Benefits Manager Administration-Fax	20
Revenues & Benefits Manager Administration-Subscriptions	140
Revenues Administration-Equipment	490
Revenues Administration-Printing & Stationery	1,300
Revenues Administration-Publications	420
Revenues Administration-Fax	50
Benefits Administration-Leased Cars	2,930
Benefits Administration-Protective Clothing	50
Benefits Administration-Publications	100
Benefits Administration-Fax	10
Benefits Administration-Computer Software	1,400
Cost of NNDR Collection-Computer Software	400
Council Tax Administration-Fax	60
Council Tax Administration-Computer Software	1,550
	9,170
Organisational Development	
Administration-Mileages	300
Administration-Travelling Expenses	100
Administration-Computer Hardware	100
	500
Head of Corporate Services	
Communication & Public Relations-No Residents Survey (saving £0 to £5,000)	5,000
	5,000
ICT	
Internet-Reduce Internet Connection speed from 4Mb to 2Mb	5,000
ICT Administration-Publications	90
ICT Administration-Subscriptions to NE Connects and SOCITM Insight	1,140
ICT Administration-Stationery	550
ICT Administration-Hospitality	500
ICT Administration-Photocopying	50
ICT Administration-Fax	40
Networking & Communications-Networking	1,810
Networking & Communications-Communications	2,500
Printing Services-Stationery	1,000
Printing Services-Consumables	500
Security-Anti-Virus Software	1,000
Security-Magnetic Media	2,000
Other-Equipment	3,000
	19,180
Total – All Services	193,878

- 10.2 In addition to the above the council will receive a specific grant in relation to Concessionary Fares amounting to £164,000 in 2008/09. In 2007/08 we will pay £797,000 as our contribution to the scheme to Durham County Council. This figure is expected to rise by 4% (£31,880) therefore, our contribution will be £828,880 in 2008/09. This has the effect of producing a net saving in 2008/09 amounting to £132,020.

11. PROPOSALS FOR FEES AND CHARGES

- 11.1 A summary of the proposals put forward by Service Team Managers is highlighted in the table below:-

Service Area	Impact on Turnover	More Detail
	£	
Leisure	34,325	See Appendix A (i)
Environmental Services	71,900	See Appendix A (ii)
Environmental Health	0	See Appendix A (iii)
Regeneration	0	See Appendix A (iv)
Director of Corporate Services	0	See Appendix A (v)
Organisational Development	0	See Appendix A (v)
Legal and Democratic Services	0	See Appendix A (v)
Revenues and Benefits	0	See Appendix A (v)
Total	106,225	

- 11.2 At present, there are no other changes proposed in respect of fees and charges. It should be noted, however, that the budget proposals do include a target of £45,000 for additional income. This is over and above the additional income identified in the above table.

12. RESERVES

- 12.1 Guidance from CIPFA recommends that the Section 151 Officer's report on reserves and balances should include an assessment on the adequacy of reserves, a requirement incorporated into the Local Government Act 2003.
- 12.2 There is no specific guidance on what represents an adequate level of reserves. This is because every authority is different and each authority will decide on its level of reserves in accordance with its own particular circumstances.
- 12.3 The Council's general fund reserve at £390,000 amounts to approximately 4.7% of the probable net revenue budget for 2008/09. This is regarded as adequate.

The Council's Medium Term Financial Strategy, which was approved in January 2008, states that the General Fund Reserve should not be allowed to fall below £349,000.

- 12.4 It is important to note that the 2008/09 revenue budget proposals, again, do not require any call on the general fund reserve.

13. OVERVIEW AND SCRUTINY PANELS

The Overview and Scrutiny Panels will be considering the budget proposals for the services within their remits:-

Partnership & Efficiency	12th February 2008
Leisure & Neighbourhood	13th February 2008
Regeneration & Housing	7th February 2008

The outcome of these meetings will be reported to the Executive on 18th February.

14. CONSULTATION

A meeting with the business ratepayers will be held on 14 February to discuss the budget proposals. Again, the outcome of this meeting will be reported to the Executive at its meeting on 18th February.

15. REPORT OF THE STATUTORY FINANCIAL OFFICER

- 15.1 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.
- 15.2 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.
- 15.3 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 will require careful monitoring.
- 15.4 We are currently finalising the complex finance settlement resulting from the LSVT negotiations with Cestria Community Housing. Officers will be able to update Members on the implications of that settlement at the Executive and will be able to firm up the re-prioritisation of the budget to support the Council's new objective when the budget report goes to Council.

16. RECOMMENDATIONS

- 16.1 It is recommended that the Executive:-
- (i) notes the final finance settlement for 2008/09;
 - (ii) considers the proposals for fees and charges and determines the changes to charges for services in 2008/09;
 - (iii) considers the comments and recommendations of the Overview and Scrutiny Panels;

- (iv) considers the comments of the non-domestic ratepayers;
- (v) agrees to recommend a net general fund revenue budget for approval by Council;
- (vii) agrees to recommend a Band D Council Tax for approval by Council for 2008/09.

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Description of fee(s)	Existing Fee per unit (exc VAT)	Existing Fee per unit (Inc VAT)	Proposed Fee per unit (Exc VAT)	Proposed Fee per unit (Inc VAT)	% Increase	Expected Impact on Income
CEMETERY FEES AND CHARGES						
Burial Fees						
Over 11 Years to 16 Years	£185.00		£222.00		20	We cannot estimate an accurate impact on income as this is dependent upon the number of interments which take place this varies from year to year. Based on the same level of interments as this year it is expected that income would increase by £13,900
Over 16 Years	£310.00		£372.00		20	
Cremated Remains	£105.00		£126.00		20	
Purchase of Rights						
to be used within 14 days of purchase	£310.00		£372.00		20	
to be used 15 days or more following purchase	£620.00		£744.00		20	
Cremation /childrens section 14 days	£105.00		£126.00		20	
Cremation /childrens section 15 days or more	£210.00		£252.00		20	
Site Selection	£170.00		£204.00		20	
Memorials						
Headstones	£125.00		£150.00		20	
Vases	£65.00		£78.00		20	
Inscriptions	£65.00		£78.00		20	
Tablets and Plaques	£75.00		£90.00		20	
Other fees						
Search fees for one year	£10.00		£12.00		20	
Certified copy of entry	£10.00		£12.00		20	
Copy of deed	£6.00		£7.20		20	
Chapel of rest per day	£25.00		£30.00		20	
REFUSE COLLECTION CHARGES						
Civic Amenity Collections (removal of up to 6 items)	£4.26	£5.00	£10.00	£10.00	100	Additional Income £28,000
Recharges for collections of fixtures and fittings/garden waste/items not included in civic amenity collections	£10.27	£11.00	£11.40	£11.00	50	
These are priced according to different bands depending upon the amount of goods to be removed	£17.00	£17.00	£21.00	£25.00	50	
	£29.49	£29.49	£37.60	£44.20	50	
	£54.06	£54.06	£68.01	£83.09	50	
Trade Waste Charges Supply and Empty						The trade waste service has to be competitively priced in order to be viable. It is therefore recommended that no price increases are made this year
1 x 240 litre bin	£123.19	£144.75	£123.19	£144.75	0	
1 x 360 litre bin	£158.21	£185.90	£158.21	£185.90	0	
1 x 660 litre bin	£271.38	£318.87	£271.38	£318.87	0	
1 x 1100 litre bin	£344.00	£400.07	£344.00	£400.07	0	
Replacement Trade Bin Charges						
1 x 240 litre bin	£48.33	£56.76	£48.33	£56.76	0	
1 x 360 litre bin	£73.21	£87.23	£73.21	£87.78	0	
1 x 660 litre bin	£215.25	£253.70	£215.95	£253.74	0	
1 x 1100 litre bin	£289.00	£340.32	£289.63	£340.32	0	
CAR PARK FEES AND CHARGES						
Cestria Permits (for parents whose children attend Cestria School)	£1.70	£2.00	£2.04	£2.40	20	Approximately an additional £70
Long Stay Car Parks						
1 hour	£0.34	£0.40	£0.40	£0.50	20	As we aren't able to breakdown the number of each type of ticket which is purchased, we cannot provide an accurate estimate of the impact on income but expect that there will be an increase of approximately £30000
2 hours	£0.51	£0.60	£0.61	£0.70	20	
3 hours	£0.68	£0.80	£0.82	£1.00	20	
All Day	£0.94	£1.10	£1.13	£1.30	20	
Short Stay Car Parks						
First Half Hour Parking Free (Civic Centre only)	Free	Free	Free	Free	0	
1 Hour	£0.34	£0.40	£0.40	£0.50	20	
2 Hours	£0.51	£0.60	£0.61	£0.70	20	
More than 2 hours	£2.55	£3.00	£3.06	£3.60	20	
Toilet charges	£0.16	£0.20	£0.24	£0.30	50	

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FEES AND CHARGES PROPOSALS

	Current Fees and Charges	Proposed Change	New fees and Charges	Impact on Turnover	Comments
	£	%	£	£	
Environmental Health					
Annual LAPPC subsistence charge, standard Process LOW (x1)	569.25		569.25		These are statutory fees set by central government
Annual LAPPC subsistence charge, Mobile Screening & Crushing Plant (x1)	759.25		759.25		These are statutory fees set by central government
Annual LAPPC subsistence charge, Reduced Fee Activity (x9)	116.32		116.32		These are statutory fees set by central government
HMO licence Fee	330.00		330.00		Agreed with Council July 2007
Hsg Act Notices	247.50		247.50		
Pest Control Charge	33.00		33.00		Aligns with Fees and Charges
SFBB workshops (primary Delegate)	25.00	9%	27.25		Cost varies according to number of delegates/ number of sessions
SFBB workshops (secondary Delegate)	10.00		10.00		
CIEH Level 1 award in food safety qualification (standard fee)	40.00		35.00		
CIEH Level 1 award in food safety qualification (discounted fee for charities/groups)	35.00		35.00		
Hackney Carriage vehicle (New)	230.00		230.00		Already expensive compared to other areas
Hackney Carriage vehicle (renewal)	220.00		220.00		
Hackney Carriage vehicle Transfer	36.00		36.00		
Private Hire vehicle (New)	230.00		230.00		
Private Hire vehicle (renewal)	220.00		220.00		
Private Hire vehicle transfer	36.00		36.00		
vehicle re - tests	17.00		17.00		
Replacement Plates / plate deposits	10.00		10.00		
Replacement door crest	5.00		5.00		
Hackney Carriage Driver	84.00		84.00		
Private hire driver	84.00		84.00		
joint driver	126.00		126.00		
private hire operator	115.00		115.00		
Driver locality test	20.00		20.00		
Driver locality test re-sit	10.00		10.00		
Enhanced CRB check	36.00		36.00		The CRB recover the cost of £36 from the account
Small Lotteries (New)	40.00		40.00		
Small Lottery (renewal)	20.00		20.00		
Motor Salvage	70.00		70.00		
Pet shop	59.00		59.00		
Animal Boarding	59.00		59.00		
Dangerous Wild Animal	59.00		59.00		
Acupuncture, Tattooing, Piercing, Electrolysis Personal	25.00		25.00		
Acupuncture, Tattooing, Piercing, Electrolysis (premises)	30.00		30.00		
Personal Licence (LA03)	37.00		37.00		
Temporary Event Notice	21.00		21.00		
Theft, loss of premises licence	10.50		10.50		
Vary premises licence to specify DF	23.00		23.00		
Transfer premises licence	23.00		23.00		
Licensing Act 2003 premises licence fees					These are set by government and relate to the ratable value of the premises. They range from £100 - £635 for new application / variation and £70 - £350 for Annual fee
Gambling Act 2005 Fees					Please see attached table - Gambling Act max Statutory limits shown in brackets. Local Authority charge shown (not in brackets) based on cost recovery alone.
Notification of gaming machine	50.00		50.00		

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	Current Fees and Charges	Proposed Change	New fees and Charges	Impact on Turnover	Comments
	£	%	£	£	
<u>Regeneration</u>					
Market Tuesday - 1 Stall Casual	16.00	0	16.00		} No Increase Proposed
Market Tuesday - 1 Stall Permanent	13.00	0	13.00		
Market Tuesday - 2 Stalls Permanent	22.00	0	22.00		
Market Tuesday - Standage	12.00	0	12.00		
Market Friday - 1 Stall Casual	20.00	0	20.00		
Market Friday - 1 Stall Permanent	17.00	0	17.00		
Market Friday - 2 Stalls Permanent	32.00	0	32.00		
Market Friday - 3 Stalls Permanent	48.00	0	48.00		
Market Friday - Standage	16.00	0	16.00		
Market Saturday - 1 Stall Casual	16.00	0	16.00		
Market Saturday - 2 Stalls Casual	30.00	0	30.00		
Market Saturday - 1 Stall Permanent	15.00	0	15.00		
Market Saturday - 2 Stalls Permanent	28.00	0	28.00		
Market Saturday - 3 Stalls Permanent	41.00	0	41.00		
Market Saturday - 4 Stalls Permanent	54.00	0	54.00		
Market Saturday - Standage	15.00	0	15.00		

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FEES AND CHARGES PROPOSALS

	Current Fees and Charges	Proposed Change	New fees and Charges	Impact on Turnover	Comments
Head of Corporate Services					
Civic Centre Room Bookings Per Hour					
Conf Room 3 (Daytime)	18.98	3%	19.54		No increase in 2007 - seems reasonable to apply this increase in 2008
Conf Room 3 (Night)	16.45	3%	16.94		No increase in 2007 - seems reasonable to apply this increase in 2008
Conf Room 4 (Daytime)	18.98	3%	19.54		No increase in 2007 - seems reasonable to apply this increase in 2008
Conf Room 4 (Night)	16.45	3%	16.94		No increase in 2007 - seems reasonable to apply this increase in 2008
Chamber (Daytime)	25.26	3%	26.03		No increase in 2007 - seems reasonable to apply this increase in 2008
Chamber (Night)	18.98	3%	19.54		No increase in 2007 - seems reasonable to apply this increase in 2008
Restaurant (Daytime)	44.30	3%	45.14		No increase in 2007 - seems reasonable to apply this increase in 2008
Restaurant (Night)	35.43	3%	36.48		No increase in 2007 - seems reasonable to apply this increase in 2008
Organisational Development					
Criminal Records Bureau check admin charge	10.00	0	10.00		No increase proposed
Protection of Vulnerable Adults check admin charge	5.00	0	5.00		No increase proposed
Legal					
Search Fees -					
Search fees if submitted electronically (NLIS)					
Official Certificate of Search in Land Charges Register (LLC1)	10.00	0	10.00		No Increase proposed
Requisition of Search on one parcel of land (CON29)	121.00	0	121.00		
Standard search fee (LLC1 & CON29)	131.00	0	131.00		
Search fees if submitted in paper format					
Official Certificate of Search in Land Charges Register (LLC1)	11.00	0	11.00		No Increase proposed
Requisition of Search on one parcel of land (CON29)	121.00	0	121.00		
Standard search fee (LLC1 & CON29)	132.00	0	132.00		
Additional parcels of land fees					
Official Certificate of Search in Land Charges Register (LLC1) (with a maximum of £16 charge)	1.00	0	1.00		No Increase proposed
Requisition of Search on one parcel of land (CON29)	7.80	0	7.80		
Total fee for an additional parcel of land (LLC1 & CON29)	8.80	0	8.80		
Per each additional optional copy (Paper)	5.00	0	5.00		
Per each additional enquiry not provided on fee (CON29)	8.00	0	8.00		
Personal Search Fees					
Search of the Register	11.00	0	11.00		No Increase proposed
A office copy of any entry in the register (not including copy or extract of any plans deposited filed by the registering authority)	1.70	0	1.70		
RTB - associated fees					
Application for consent	25.00	0	25.00		No Increase proposed
Application for retrospective consent	35.00	0	35.00		
Copy documents	5.00	0	5.00		
Registration of leasehold interests/assessments etc	35.00	0	35.00		
Land Sales					
Transfer - domestic	300.00	0	300.00		No Increase proposed
Transfer - commercial	500.00	0	500.00		
Misc Agreements	150.00	0	150.00		
Revenues and Benefits					
Court Costs	58.00	0	58.00		No increase proposed

FEEES AND CHARGES PROPOSALS

	Current Fees and Charges	Proposed Change	New fees and Charges	Impact on Turnover	Comments

Budget Submission 2008/09 (Additional Information on Savings Proposals)

Agency Fees

Currently a number of EH budgets contain provisions for agency fees. These are used to; buy in expertise not available in-house, provide cover for critical services arising from sickness and to support areas where there is no budget, for example out of hours enforcement, or insufficient budget, for example advertising (there are several statutory provisions in relation to licensing that require the Council to publish public notices in newspapers).

These budgets would provide a saving of £10 000 however, this would mean a wholesale reduction in the level of out of hours work that could be carried out, (in particular Licensing Enforcement). The current dependence on contractors has been reduced but not eliminated by the recent recruitment of new staff. Also many of the services offered by the Environmental Health team have little or no redundancy or surge capacity, critical services such as pest control, licensing, contaminated land and LA-PPC are particularly vulnerable to long-term sickness or similar issues. The removal of these budgets will significantly increase the likelihood of inability to provide critical services

Pest Control Charges

The pest control service is budgeted to provide £20 000 income in 2008/9. This is a combination of a £10 000 internal recharge to the Housing Services team and £10 000 income from external contracts. The effect of LSVT will mean it will no longer be possible to recharge as the RSL has opted not to continue using the Council's pest control service. This will effectively mean a reduction in income of £10 000.

However, the Council in common with all other neighbouring Authorities continues to offer a free rodent (rats and mice) control service to all residents in the District. There is potential for the imposition of a standard one off fee for rodent treatments. Excluding the current Council housing stock the pest control service provides in excess of 1000 treatments per year. Therefore an income of £10 000 can be generated for each £10 charged. Applying the current standard treatment fee of £34 gives anticipated income of £34 000.

However, such an approach would be higher controversial and potentially fraught with problems.

- The imposition of the fee is likely to discourage many people from reporting rodent problems. Thereby meaning infestations will not be reported at an early stage when they are more easily contained and eradicated.

- Area or block treatments, (an effective approach for large-scale infestation) may prove problematic if some residents pay and others refuse.
- Enforcement powers will have to be used far more frequently. Whilst usually effective this process is slow and can tie up large amounts of Officer time.
- Any increases in the local rodent population will also carry an associated risk of an increase in communicable diseases.

RISKS	RESPONSE
<p>1. Income projections are too optimistic. The budget is reliant upon several, substantial income streams, some of which have been variable recently.</p> <p>If income shows a downturn compared with the level included in the budget, this will have a significant impact on the Council's financial position.</p>	<p>Levels of income will be carefully monitored and reported, with summary reports being submitted to CMT on a monthly basis.</p> <p>If income is below budget in any area, action will then have to be taken to identify compensating savings or additional income elsewhere.</p>
<p>2. Assumed ongoing savings are not achievable, for example, the saving assumed from vacancy management included in the base budget.</p>	<p>Target savings from vacancy management will be allocated to each Directorate, and action will then have to be taken to ensure that this is achieved. This will mean that cover for vacant posts will require the approval of the Director.</p>
<p>3. Budgeted income from interest on investments is not achieved.</p> <p>This is dependent on the phasing of the capital programme expenditure and the timing of capital receipts.</p>	<p>Income from investment income will be monitored and reported in the medium term as interest rates are likely to fall. Phasing is planned capital expenditure and capital receipts will continue to be built into the cash flow forecasts in order to maximise opportunities for investment.</p>
<p>4. Unforeseen expenditure is identified for which there is no budgeting provision.</p>	<p>Regular budget monitoring arrangements will identify problem areas and potential savings or additional income can be vired to fund the unforeseen expenditure in accordance with financial regulations.</p>
<p>5. Procurement target savings are not achieved</p>	<p>These will be allocated to each service area and action taken to ensure that these are achieved. The work of the Procurement Strategy Network will help managers to achieve their procurement savings.</p>
<p>6. Access to the Housing Revenue Account Balance following LSVT.</p>	<p>It is essential that we ensure the Housing Revenue Account is closed down successfully and the final Housing Subsidy claim is signed off by External Audit in January 2009 in order to get access to the Housing Revenue Account balance. External support will be procured to facilitate this as it is business critical.</p>
<p>7. Local Government Re-organisation</p>	<p>We will need to make a provision for currently unforeseen expenditure that may arise as a consequence of Local Government Re-organisation.</p>

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FEEES AND CHARGES PRO-FORMA (DRAFT PROPOSALS)

Description of fee(s)	Existing Fees (exc VAT)	Existing Fee Inc VAT	Proposed Fees Excl. VAT	Proposed Fees Incl. VAT	% Increase	Expected Impact on Income	Notes
LEISURE CENTRE							
Swim						£1,142	
Swimming Tuition						£1,650	
One Cards						£1,143	
Lifestyles Gym - Casual						£900	
Lifestyles Gym - Members						£8,300	
Other Activities						£100	
Pool Parties						£12,000	
RECREATION FACILITIES							
Outdoor Sports						£7,500	Further information will be provided at the meeting detailing all the individual fees and charges
SEBY JET						£700	
RECREATION FACILITIES							
ARTIFICIAL TRACK						£350	
PAVED RECREATION ROOM						£300	
GRAVED FITCHES / AREAS						£500	
						£1,150	
Leisure Total						£34,325	

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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 Capital Programme

Agenda Item Number: 13

1. PURPOSE AND SUMMARY

- 1.1 The report summarises the 2008/09 General Fund Capital Programme proposals for consideration by Council.

2. CONSULTATION

- 2.1 Corporate Management Team has been consulted on the contents of the report. The Capital Working Group has considered the new bids to the programme.

3. CORPORATE PLAN AND PRIORITIES

- 3.1 Several of the Capital Programme bids address the Council's priorities.

4. IMPLICATIONS

4.1 Financial and Value for Money

The financial implications are detailed throughout the report.

4.2 Legal

There are no legal requirements.

4.3 Personnel

There are no personnel implications.

4.4 Other Services

The capital programme proposals clearly have an impact on other service areas.

4.5 Diversity

The capital programme includes provision for Disabled Facilities Grants which impact upon people with disabilities, who need adaptations to their homes.

4.6 Risk

It is essential that only available resources are committed; schemes can only go ahead once the capital resources are in place to support them.

4.7 Crime and Disorder

The Crime and Disorder Act of 1998 requires the Council to consider all of its budgets, policies and plans in the light of their contribution to the reduction of 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 implications arising from the contents of the report.

5. **ESTIMATED RESOURCES**

- 5.1 There are no unallocated capital receipts to be carried forward from 2007/08; all resources from 2007/08 are fully committed to fund the 2007/08 prioritised capital programme. From the originally approved capital programme of 2007/08 approximately £326,000 remains unreleased to support schemes which still require funding:

Scheme	£'000
Industrial Sites	20
Cemeteries, Footpaths and Headstones	100
Car Parking Repairs	22
Signage at the Leisure Centre	10
Boiler Systems at Riverside	5
Floodlighting-Athletics Track	9
COSY	160
Total	326

- 5.2 For 2008/09, it is estimated that new land sales will generate capital receipts of approximately £1.2million. These will be available to fund new capital schemes. However, consideration needs to be given as to whether the unreleased 2007/08 schemes should be first call on these new resources. In addition as noted by the Executive at its meeting on 7 January 2008 officers' time charged to the capital programme will need to be taken into account.
- 5.3 Bids of just over £1 million for the new 2008/09 capital programme have been submitted. These were considered by the Capital Working Group on 11th February, and are listed in Appendix 1 to the report.
- 5.4 The capital receipts of £1.2 million expected during 2008/09 will be from both housing and non-housing land and, therefore, the receipts from the sale of housing land will be allocated to regeneration schemes in accordance with the Council's normal policy.
- 5.5 None of the land sales have yet been finalised and consequently it will be important that the Capital Working Group monitors progress on asset sales and releases funding for prioritised schemes once the receipts are contractually committed.
- 5.6 It is proposed that the Executive receives quarterly reports on the progress of land sales and the funding position of the capital programme. It may be that borrowing in accordance with the Prudential Code will be considered to fund the schemes.

6. THE EXECUTIVE

- 6.1 The Executive considered the General Fund Capital Programme for 2008/09 at its meeting on 18 February 2008.
- 6.2 The Executive:
- (i) recommended that the schemes identified in section 5.1 and Appendix 1 to the report are included as schemes to be prioritised by the Capital Working Group and agreed by the Executive. This will be resourced from capital receipts from land sales and the £450k identified from the re-prioritisation of budgets referred to in the General Fund report.
 - (ii) agrees that the Capital Working Group prioritises these schemes together with six further schemes identified by the Executive, namely investment in further public toilet provision (provisionally £100k), further investment for environmental improvements in Pelton Fell (provisionally £250k) and the capital investment to support the key priority areas identified in the Executive General Fund report (£190k).

(iii) as per Appendix 2 note that the resources available of £1.65 million are insufficient to address the capital programme proposals. The Executive have delegated authority to agree the prioritised capital programme recommendation from the Capital Working Group to be contained within available resources. The criteria to be applied in such prioritisation will be:-

- expenditure needed to address Health and Safety needs
- expenditure to support the Council's new priority areas and;
- expenditure that has a significant advantage in leveraging in external funding.

(iv) that Council notes that if expenditure proposals are to exceed capital resources available, then consideration should be given to prudential borrowing but that in this eventuality the Head of Corporate Finance will need to advise on affordability and such a proposal would need to be agreed by the Implementation Executive or the new County Council.

7. RECOMMENDATIONS

7.1 It is recommended that the Council approves the recommendations of the Executive as detailed in Section 6.2.

8. BACKGROUND PAPERS

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

- (1) Report to the Executive on 7 January 2008 and 18 February 2008 on the "2008/2009 General Fund Capital Programme"
- (2) 2008/2009 Capital Programme Bids

AUTHOR NAME:	Ian Herberson
DESIGNATION:	Head of Corporate Finance
DATE OF REPORT	21 February 2008
VERSION NUMBER:	1.0
AUTHOR CONTACT:	E-mail - ianherberson@chester-le-street.gov.uk Telephone - 0191 3872343

2008/09 CAPITAL PROGRAMME BIDS

Scheme	£
Discretionary Repairs Assistance	200,000
Disabled Facilities Grant – Match fund government funding	85,000
COSY – Match funding available	200,000
PC's and Servers	5,000
Website Development	3,000
Graffiti Removal Equipment	5,000
Waste Bins (Front Street) – replace 30	10,000
Domestic Waste Bins	18,000
Trade Waste Bins	12,000
Cemeteries, Footpaths & Headstones	100,000
Replace 4 Bus Shelters	30,000
Empty Property Strategy	5,000
Civic Centre Car Park to DDA	25,000
Re-grouting of pools at the leisure centre	30,000
Replace emergency exit path and stairwell at leisure centre	25,000
Gym maintenance for 2 nd year of contract	7,000
Refurbish Riverside Park Toilets	15,000
Remedial works at Donald Owen Clarke Centre	20,000
Hardwire test at Riverside Pavilion	10,000
Replace guttering at Riverside Pavilion	5,000
Repair wet pour surface and equipment at Riverside Play Area	8,500
Replace corridor and reception floor surface at Riverside Pavilion	6,000
Provide new play areas in line with the Play Strategy	80,000
Redecorate interior of Selby Cottage Childcare Centre	5,000
Purchase Loading Tractor for Golf Course	17,500
Purchase of Fairway Cutter for Golf Course	35,000
Hurdles and Athletics equipment	6,500
Flood Defence and Environmental Improvements to Cong Burn	60,000
TOTAL	1,028,500

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2008/09 CAPITAL PROGRAMME PROPOSALS

Scheme	£	£
<u>Unreleased Approved 2007/2008 Schemes</u>		
Industrial Sites	20,000	
Cemeteries, Footpaths and Headstones	100,000	
Car Parking Repairs	22,000	
Signage at the Leisure Centre	10,000	
Boiler Systems at Riverside	5,000	
Floodlighting-Athletics Track	9,000	
COSY	160,000	326,000
<u>Capital Programme Bids 2008/2009</u>		
Schemes identified in Appendix 1 as reported to the Executive on 18 February 2008		1,028,500
<u>Capital Investment to Support Priority Areas</u>		
Town Centre	50,000	
Partnerships for Futures	10,000	
Strengthening Partnerships	100,000	
Neighbourhoods	30,000	190,000
<u>Additional Capital Projects Identified by The Executive</u>		
Further Public Toilet Provision	100,000	
Pelton Fell Environmental Improvements	250,000	350,000
<u>Salaries Allocated to 2008/2009 Schemes</u>		
As per Salary Allocations 2008/2009		232,700
TOTAL		2,127,200

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Chester-le-Street
District Council

Report to: Council

Date of Meeting: 28 February 2008

Report from: Head of Corporate Finance

Title of Report: Treasury Management Strategy
2008/2009

Agenda Item Number: 14

1. PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to present for approval to Council a proposed Treasury Management Strategy for 2008/2009. The strategy has been drafted in conformity with the overall Treasury Management policy approved by Members on 27 March 2003. The main purpose of a Treasury Management Policy and its related Strategy is to identify risks and to set in place procedures which minimise the potential adverse effects of those risks. This Strategy refers to risks in relation to interest rate movements, borrowing, indebtedness, and investment.
- 1.2 Treasury management is an important part of the overall financial management of the Council's affairs. Its importance has increased as a result of the freedoms provided by the Prudential Code. Whilst the prudential indicators, considered in a separate report, deal with the affordability and impact of capital expenditure decisions, the treasury service covers the effective funding of these decisions. There are also specific treasury prudential indicators which are covered from section 5.5 onwards in the Prudential Indicators report.
- 1.3 The Council's treasury management activities are strictly regulated by statutory requirements and by a professional code of practice (the CIPFA Code of Practice on Treasury Management). This Council adopted that Code of Practice on 27 March 2003, and as a result adopted a Treasury Management Policy statement. This adoption complies with one of the requirements of the Code.
- 1.4 The Policy requires an annual strategy to be reported to the Council outlining the expected treasury management activity. A further report is produced by the end of September after the year-end to account for treasury management actual activity during the previous financial year.
- 1.5 A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury management service covering 2008/2009.

1.6 This strategy covers:

- the current treasury position,
- the expected movement in interest rates,
- the Council's borrowing and debt strategy,
- the Council's investment strategy (in compliance with the DCLG guidance),
- treasury performance indicators,
- specific limits on treasury activities, and
- local treasury issues.

1.7 Members are recommended to:

- (i) Approve the Treasury Management Strategy 2008/2009.

2. CONSULTATION

2.1 The Head of Corporate Finance consulted with Corporate Management Team regarding the implications of the issues raised in the report. The Council's Treasury Management advisors have also been consulted.

3. CORPORATE PLAN AND PRIORITIES

3.1 The Council's Treasury Management Strategy contributes to the Council's budget which supports the Council's corporate plan.

4. IMPLICATIONS

4.1 Financial Implications and Value for Money Statement

The financial implications are detailed throughout the report. Treasury Management is an important part of the overall financial management of the Council; the 2008/2009 budget incorporates income from investments of £513,080 which results from our Treasury Management.

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 complies with all 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 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 implications associated with this report.

5. **DEBT AND INVESTMENT PROJECTIONS 2007/08 – 2008/09**

5.1 The borrowing requirement comprises the expected movement in the CFR and any maturing debt which will need to be re-financed. The table below shows this effect on the treasury position. It also highlights the expected change in investment balances.

	2007/08 Revised £	2008/09 Estimated £
Debt at 1 April	18,770,482	0
Additional borrowing	1,099,000	0
Principal repaid	19,869,482	0
Debt at 31 March	0	0
Total Investments at 31 March	7,000,000	6,000,000
Investment change	4,000,000	-1,000,000

5.2 The related impact of the above movements on the revenue budget are:

	2007/08 Revised £	2008/09 Estimated £
Revenue Budgets		
Interest on Borrowing	817,280	0
Related HRA Charge	579,780	0
Net general Fund Borrowing Cost	237,500	0
Investment income	372,000	513,080

6. EXPECTED MOVEMENT IN INTEREST RATES

6.1 This section of the report has been prepared on the basis of advice received from the Council's treasury management advisers, Butlers.

6.2 **Short Term Interest Rates** - While the December cut in Bank Rate ultimately came as no great surprise to the financial markets it did reflect the Monetary Policy Committee's growing unease about the state of the domestic economy.

6.3 The November Inflation Report did highlight the threat of a comparatively steep decline in economic activity in 2008. However, until then there had been few decisive signals that this process had commenced in earnest. More recently, the economic data has been transmitting an increasing amount of evidence that this may indeed be the case.

6.4 The cooling in the housing market has been noted for some time although it is only in the past few months that the two key indicators on this front (the Nationwide & Halifax Indices) have moved down in unison. The deciding factors behind the MPC's decision were probably the November CIPS surveys of the manufacturing and service sectors.

6.5 Both these indicators pointed towards a marked deceleration in activity on a broad front and may well have been interpreted by the policy doves as a sure sign that the effects of the summer's credit squeeze are beginning to spread beyond the confines of the financial markets.

6.6 The squeeze on credit represents a sharp and involuntary tightening of domestic monetary policy. The fact that it is likely to take some time to evaporate suggests that consumers' expenditure (which has still to see the full effects of the adjustment of discounted, fixed-rate mortgages) will eventually respond through a marked contraction.

6.7 This, along with an easing of capacity constraints as the economy slows down, is expected to reduce inflation pressures and ensure CPI growth reverts to the 2% central target rate over the medium term.

6.8 Nevertheless, the Bank of England does note that the upside risks to inflation remain. Many of the current pressures are externally generated (oil, food, commodity prices etc) and will not respond to UK interest rate policy.

- 6.9 Hopes rest upon the anticipated deceleration in international activity reversing at least some of these trends. In the mean time, the MPC is hoping that domestic inflation expectations do not deteriorate and that weakening household consumption prevents companies passing cost increases on to the retail level. The outcome of this “central case” scenario will not be known for some time.
- 6.10 **Longer Term Interest Rates** - Bond markets (which underpin the Council borrowing rates) will remain aware of the risks policy makers are taking with inflation for the sake of engineering a gradual and moderate dip in economic activity. Concerns about the health of the financial sector will persist for some time and these will maintain the downward bias to bond yields in the near term.
- 6.11 However, investors may be unsettled by the risks central banks are taking with long-term inflation control in their attempts to shore up faltering activity. Worries about inflation prospects in the medium to long term are expected drive yields higher through 2008/09 and beyond.
- 6.12 Medium-Term Rate Forecasts (averages)

	Bank Rate	1-year LIBOR	5-year Gilt	20-yr Gilt	50-yr Gilt
7. 2006/07	4.8	5.3	4.9	4.4	4.0
2007/08	5.6	6.0	5.3	4.9	4.5
2008/09	4.8	4.7	4.7	4.8	4.6
2009/10	4.8	4.8	4.8	4.7	4.6
2010/11	5.0	5.3	4.9	4.8	4.8
2011/12	5.2	5.5	5.3	5.2	5.1

BORROWING STRATEGY 2008/09

- 7.1 The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy.
- 7.2 The risks associated with long-term fixed interest rates are expected to be for higher rates over the medium term. The Head of Corporate Finance, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely that longer term fixed rates will be considered earlier if borrowing rates deteriorate.
- 7.3 From the table shown in 5.1 above the authority became debt free as a result of transferring the Housing Stock to Cestria Community Housing. It is not expected that the authority will undertake any new borrowing. However, as noted in the 2008/2009 General Fund Capital Programme report some prudential borrowing may be considered during the year.

8. INVESTMENT COUNTERPARTY AND LIQUIDITY FRAMEWORK

8.1 The main principle governing the Council's investment criteria is the security and liquidity of its investments before yield. Although the yield or return on the investment will be a consideration, it will always be subject to the main requirement for adequate security and liquidity of public money. After this main principle the Council will ensure that:

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also will apply to the Council's prudential indicators covering the maximum principal sums invested.
- It maintains a policy covering the categories of investment types it will invest in, the criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.

8.2 The Head of Corporate Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit it to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it selects which counterparties the Council will choose rather than defining what the nature of its investments will be.

- Banks – the Council will use banks which have at least the following Fitch ratings (or equivalent) – Fitch ratings measure the financial strength and overall integrity of financial institutions.

- Short Term	F1
- Long Term	A
- Individual / Financial Strength	C
- Support	3

- Bank Subsidiary and Treasury Operations – the Council will use these where the parent bank has the necessary ratings outlined above.
- Building Societies – the Council will use Building Societies that have total assets in excess of £500m.
- Money Market Funds – AAA rated.
- UK Government (including gilts and the Debt Management Office).
- Other Local Authorities.

8.3 The proposed criteria for specified and non-specified investments are shown in Appendix 1 for approval.

8.4 In the normal course of the Council's cash flow operations it is expected that both specified and non specified investments will be utilised for the control of liquidity as both categories allow for short term investments.

- 8.5 The use of longer term instruments (greater than one year from inception to repayment) would fall into the non-specified investment category. These instruments would only be used where the council's liquidity requirements are safeguarded. Investments of over one year duration may be made and this is reflected in the investment prudential indicator included in the relevant report (see Appendix 1).

9. INVESTMENT STRATEGY 2008/09

- 9.1 Expectations on shorter-term interest rates, on which investment decisions are based, show a likelihood of the current 5.25% Bank Rate being the peak with the next fall in early 2008. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts. It is likely that investment decisions will be made for longer periods with fixed investments rates to lock in good value and security of return if opportunities arise, subject to over riding credit counterparty security. The Head of Corporate Finance, under delegated powers, will undertake the most appropriate form of investments depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above

10. PERFORMANCE INDICATORS

- 10.1 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, which are predominantly forward looking. Examples of performance indicators often used for the treasury function are:

- Debt – Borrowing - Average rate of borrowing for the year compared to average available
- Debt – Average rate movement year on year
- Investments – Internal returns above the 7 day LIBID rate

The results of these indicators will be reported in the Treasury Management Annual Report for 2008/09.

11. LOCAL ISSUES

- 11.1 Attached at Appendix 2 is a list of counterparties for lending which have been drawn up by Butlers, and it is recommended that Members approve this list as part of the Treasury Management Strategy for 2008/2009.

12. RECOMMENDATIONS

12.1 It is recommended that the Council approves:

- (i) The Treasury Management Strategy contained in this report.
- (ii) The Treasury Management Practice – Credit and Counterparty Risk Management provisions contained in Appendix 1.
- (iii) The schedule of counter parties attached at Appendix 2.

Ian Herberson Head of Corporate Finance 28 February 2008 Version 1.0	Contact Details: Ian Herberson Tel: 0191 3872343 E-mail: ianherberson@chester-le-street.gov.uk
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Treasury Management Practice Credit and Counterparty Risk Management

1 Introduction

- 1.1 The Office of the Deputy Prime Minister (now DCLG) issued investment guidance on 12th March 2004. In common with the relaxation of borrowing controls in the prudential system, the more flexible guidance replaces the current regulatory approach. These guidelines do not apply to either trust funds or pension funds which are regulated by different regulatory regimes.
- 1.2 The key intention of the guidance is to maintain the current requirement for councils to invest prudently, and to ensure that priority is given to security and liquidity before yield. In order to facilitate the achievement of this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 27 March 2003 and will apply its principles to all investment activity. In accordance with the Code the Head of Corporate Finance has produced its treasury management practices and this part, in respect of investment, requires amendment.

2 . Annual Investment Strategy

- 2.1 The key requirements of both the Code and the investment guidance are for the Council to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:
- the strategy guidelines for decision making on investments, particularly non-specified investments,
 - the principles to be used to determine the maximum periods for which funds can be committed,
 - the specified investments that the Council will use. These are high security (i.e. high credit rating, although this is as defined by the Council since no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than 364 days. This defines the broad categories of investment to be used and the regularity of monitoring, and
 - the non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and setting a limit to the overall amount of the various categories that can be held at any time.
- 2.2 This strategy is to be approved by full Council.

3 Investment Policy

3.1 The investment policy proposed for the Council is:

- **Strategy Guidelines** – The main strategy guidelines are contained in the body of the treasury management strategy report.
- **Specified Investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the council has the right to be repaid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is negligible. Such investments include:
 1. The United Kingdom Government (such as the Debt Management Office, United Kingdom Treasury Bills or gilts with less than one year to maturity).
 2. A local authority.
 3. An investment scheme that has been awarded a high credit rating by a credit rating agency.
 4. A body that has been awarded a high credit rating by a credit rating agency, such as a bank or building society.

Category 3 covers any money market fund rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.

Category 4 covers bodies with a minimum rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies. Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which may be invested in these bodies. This criterion is

- No more than £2,000,000 or 25% of funds available (whichever is the greater) will be invested with one counterparty at any time.
- **Non-Specified Investments** – Non-specified investments are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	Limit (£ or %)
a.	Building societies not meeting the basic security requirements as specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The council may use such building societies which are ranked in the top 20 building societies as classified by Butlers (The Council's Treasury Management advisors).	£2,000,000 or 25%
b.	Building societies not meeting the basic security requirements as specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The council may use such building societies which have assets in excess of £500m, but are not ranked in the top 20 building societies as classified by Butlers (The Council's Treasury Management advisors).	£1,500,000

Within categories 3 and 4, and in accordance with the Code, the Council has developed additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are:

- No more than £2,000,000 shall be invested for longer than 364 days.
 - No more than £2,000,000 or 25% of funds available (whichever is the greater) will be invested with one counterparty at any time.
- **The Monitoring of Investment Counterparties** - The credit rating of counterparties will be monitored regularly. The Council receives credit rating advice from its advisers, Butlers, on a daily basis as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria, or those on the minimum criteria or placed on negative Creditwatch, will be removed from the list immediately by the Head of Corporate Finance, and if required new counterparties which meet the criteria will be added to the list.

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**Current Counterparty Report for
Chester-Le Street District Council (07-08)**

Report run on: 03/01/2008 05:37:47

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List of Approved Counterparties for Lending

	Fitch Ratings				Moody's Ratings			S&P Ratings		Limits	
	S. Term	L. Term	Indiv.	Support	S. Term	L. Term	Fin.Stgth	S. Term	L. Term	Time	Money
UK BANKS											
United Kingdom											
ALLIANCE & LEICESTER GROUP ***Alliance & Leicester***	F1+	AA-	B	3	P-1	Aa3 (N)	B- (N)	A-1	A+	364 DAYS	2
BANCO SANTANDER CENTRAL HISPANO GROUP ***Abbey National Plc***	F1+	AA-	B	2	P-1	Aa3	C+	A-1+	AA	364 DAYS	2
CITIGROUP ***Citibank International Bank***	F1+	AA	NR	1	P-1	Aaa	B	A-1+	AA+	364 DAYS	2
HBOS GROUP ***Bank of Scotland Plc*** Bank of Scotland (Ireland)	F1+	AA+	A/B	1	P-1	Aa1	B	A-1+	AA	364 DAYS 364 DAYS	2 2
HSBC GROUP ***HSBC Bank plc***	F1+	AA	A/B	1	P-1	Aa1	B	A-1+	AA	364 DAYS	2
LANDSBANKI ISLANDS GROUP Heritable Bank Limited	F1	A	C	1						364 DAYS	2
LLOYDS TSB GROUP ***Lloyds TSB Bank***	F1+	AA+	A	1	P-1	Aaa	B+	A-1+	AA	364 DAYS	2
NATIONAL AUSTRALIA BANK GROUP ***Clydesdale Bank***	F1+	AA-	B/C	1	P-1	Aa3	B-	A-1+	AA-	364 DAYS	2
ROYAL BANK OF SCOTLAND GROUP ***National Westminster Bank***	F1+	AA+	A/B	1	P-1	Aaa	B+	A-1+	AA	364 DAYS	2
Royal Bank of Scotland	F1+	AA+	A/B	1	P-1	Aaa	B+	A-1+	AA	364 DAYS	2
Ulster Bank Ireland Limited	F1+	AA	B	1	P-1	Aa2	C+	A-1+	AA	364 DAYS	2
Ulster Bank Ltd	F1+	AA	B	1	P-1	Aa2	C+	A-1+	AA	364 DAYS	2

Page 109

**Current Counterparty Report for
Chester-Le Street District Council (07-08)**

Page 14
Report run on: 03/01/2008 05:37:47

BUTLERS

List of Approved Counterparties for Lending

Fitch Ratings				Moody's Ratings			S&P Ratings		Limits	
S. Term	L. Term	Indiv.	Support	S. Term	L. Term	Fin.Stgth	S. Term	L. Term	Time	Money

UK BANKS

United Kingdom

Adam & Co.									364 DAYS	2	
Bank of Butterfield (UK) Limited	F1	A-	C	1	P-1	Aa3	C	A-2	A-	364 DAYS	2
Barclays Bank	F1+	AA+	A/B	1	P-1	Aa1	B+	A-1+	AA	364 DAYS	2
Bradford & Bingley	F1	A	B	3	P-1	A1 (N)	C+ (N)	A-1		364 DAYS	2
Close Brothers	F1	A	A/B	5	P-1	A2	C+			364 DAYS	2
Co-operative Bank plc	F1	A	B	3	P-1	A2	C			364 DAYS	2
Egg Banking Plc	F1+	AA	C	1	P-1	A2	D+			364 DAYS	2
Allied Irish Bank (GB)	F1+	AA-		1				A-1	A+	364 DAYS	2
Kaupthing Singer & Friedlander Ltd	F1	A	B/C	2						364 DAYS	2
Merrill Lynch International Bank Ltd	F1	A+	B/C	1						364 DAYS	2
Schroders Plc	F1	A+	B	5				A-1	A	364 DAYS	2

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Chester-Le Street District Council (07-08)**

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BUTLERS

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	S. Term	L. Term	Indiv.	Support	S. Term	L. Term	Fin.Stgth	S. Term	L. Term	Time	Money	
UK BUILDING SOCIETIES												
United Kingdom												
1	***Nationwide Building Society***	F1+	AA-	A/B	2	P-1	Aa2	B	A-1	A+	364 DAYS	2
2	Britannia Building Society	F1	A+	B	3	P-1	A2	C+	A-1	A	364 DAYS	2
3	Yorkshire Building Society	F1	A+	B	3	P-1	A2	C+	A-1	A	364 DAYS	2
4	Coventry Building Society	F1	A	B	3	P-1	A2	C+			364 DAYS	2
5	Chelsea Building Society	F1	A	B	3	P-1	A2	C+			364 DAYS	2
6	***Skipton Building Society***	F1	A	B	3	P-1	A2	C+			364 DAYS	2
7	Leeds Building Society				3	P-1	A2	C+			364 DAYS	2
8	***West Bromwich Building Society***	F1	A	B	3	P-1	A2	C			364 DAYS	2
9	***Derbyshire Building Society***				3	P-1	A2	C			364 DAYS	2
10	Principality Building Society	F1	A	B	3	P-1	A2	C+			364 DAYS	2
11	***Cheshire Building Society***				3	P-1	A2	C			364 DAYS	2
12	***Newcastle Building Society***	F1	A	B	3	P-1	A2	C	A-2	BBB+	364 DAYS	2
13	***Norwich & Peterborough Building Society***				3	P-1	A2	C			364 DAYS	2
14	Stroud & Swindon Building Society										364 DAYS	2
15	***Dunfermline Building Society***					P-1	A2	C			364 DAYS	2
16	Nottingham Building Society										364 DAYS	2
17	Scarborough Building Society										364 DAYS	2
18	Kent Reliance Building Society										364 DAYS	2
19	Progressive Building Society										364 DAYS	2
20	Cumberland Building Society										364 DAYS	2
21	National Counties Building Society										364 DAYS	1.5
22	Furness Building Society										364 DAYS	1.5
23	Cambridge Building Society										364 DAYS	1.5
24	Leek United Building Society										364 DAYS	1.5
25	Saffron Walden Herts & Essex Building Society										364 DAYS	1.5
26	Hinckley & Rugby Building Society										364 DAYS	1.5
27	Manchester Building Society										364 DAYS	1.5
28	Darlington Building Society										364 DAYS	1.5

Page 3 of 10

**Current Counterparty Report for
Chester-Le Street District Council (07-08)**

Report run on: 03/01/2008 05:37:47

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List of Approved Counterparties for Lending

Fitch Ratings				Moody's Ratings			S&P Ratings		Limits	
S. Term	L. Term	Indiv.	Support	S. Term	L. Term	Fin.Stgth	S. Term	L. Term	Time	Money

UK BUILDING SOCIETIES

United Kingdom

29 Newbury Building Society

364 DAYS 1.5

OVERSEAS BUILDING SOCIETIES

Ireland

EBS Building Society

F1	A	B	3	P-1	A1	C+			364 DAYS	2
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IRISH NATIONWIDE BUILDING SOCIETY

F1	A	B	3	P-2	A3	C-			364 DAYS	2
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**Current Counterparty Report for
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Report run on: 03/01/2008 05:37:47

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	Fitch Ratings				Moody's Ratings			S&P Ratings		Limits	
	S. Term	L. Term	Indiv.	Support	S. Term	L. Term	Fin.Stgth	S. Term	L. Term	Time	Money
OVERSEAS BANKS											
Australia											
NATIONAL AUSTRALIA BANK GROUP											
National Australia Bank	F1+	AA	A/B	2	P-1	Aa1	B	A-1+	AA	364 DAYS	2
Australia & New Zealand Banking Group	F1+	AA-	B	2	P-1	Aa1	B	A-1+	AA	364 DAYS	2
Commonwealth Bank of Australia	F1+	AA	A/B	2	P-1	Aa1	B	A-1+	AA	364 DAYS	2
Westpac Banking Corporation	F1+	AA-	B	2	P-1	Aa1	B	A-1+	AA	364 DAYS	2
Belgium											
KBC BANK GROUP											
KBC Bank	F1+	AA-	B	2	P-1	Aa2	B-	A-1+	AA-	364 DAYS	2
Dexia Bank	F1+	AA+	B	1	P-1	Aa1	B-	A-1+	AA	364 DAYS	2
Fortis Bank	F1+	AA-	B	1	P-1	Aa2	B-	A-1+	AA-	364 DAYS	2
Canada											
CANADIAN IMPERIAL BANK OF COMMERCE GROUP											
Canadian Imperial Bank of Commerce	F1+	(N) AA-	(N) B	(N) 1	P-1	Aa2	B-	A-1	A+	364 DAYS	2
Bank of Montreal	F1+	AA-	B	1	P-1	Aa1	B	A-1	A+	364 DAYS	2
Bank of Nova Scotia	F1+	AA-	B	1	P-1	Aa1	B	A-1+	AA-	364 DAYS	2
National Bank of Canada	F1	A+	B	2	P-1	Aa2	B-	A-1	A	364 DAYS	2
Royal Bank of Canada	F1+	AA	A/B	1	P-1	Aaa	B+	A-1+	AA-	364 DAYS	2
Toronto-Dominion Bank	F1+	AA-	B	1	P-1	Aaa	B+	A-1+	AA-	364 DAYS	2
Denmark											
Danske Bank	F1+	AA-	B	1	P-1	Aa1	B	A-1+	AA-	364 DAYS	2

**Current Counterparty Report for
Chester-Le Street District Council (07-08)**

Page 18
Report run on: 03/01/2008 05:37:47

BUTLERS

List of Approved Counterparties for Lending

	Fitch Ratings				Moody's Ratings			S&P Ratings		Limits	
	S. Term	L. Term	Indiv.	Support	S. Term	L. Term	Fin.Stgth	S. Term	L. Term	Time	Money
OVERSEAS BANKS											
Finland											
NORDEA GROUP											
Nordea Bank Finland	F1+	AA-	B	1	P-1	Aa1	B	A-1+	AA-	364 DAYS	2
France											
CREDIT AGRICOLE GROUP											
Calyon	F1+	AA	B/C	1	P-1	Aa1	C	A-1+	AA-	364 DAYS	2
Credit Agricole	F1+	AA	B	1	P-1	Aa1	B	A-1+	AA-	364 DAYS	2
BNP Paribas	F1+	AA	A/B	1	P-1	Aa1	B	A-1+	AA+	364 DAYS	2
Credit Industriel et Commercial	F1+	AA-	B/C	1	P-1	Aa3	C-	A-1+	AA-	364 DAYS	2
Credit Lyonnais	F1+	AA	B/C	1	P-1	Aa1	B-	A-1+	AA-	364 DAYS	2
Dexia Credit Local	F1+	AA+	A/B	1	P-1	Aa1	B+	A-1+	AA	364 DAYS	2
Societe Generale (SG)	F1+	AA	A/B	1	P-1	Aa1	B	A-1+	AA	364 DAYS	2
Germany											
Bayerische Hypo- und Vereinsbank AG	F1	A	B/C	1	P-1	A1	C-	A-1	A+	364 DAYS	2
Bayerische Landesbank Girozentrale	F1+	A+	C	1	P-1	Aa2	C-	A-1	A	364 DAYS	2
Commerzbank	F1	A	B/C	1	P-1	Aa3	C+	A-1	A	364 DAYS	2
Deutsche Bank AG	F1+	AA-	B	1	P-1	Aa1	B	A-1+	AA	364 DAYS	2
Dresdner Bank, AG	F1+	A+	B/C	1	P-1	Aa2	C	A-1	A+	364 DAYS	2
HSH Nordbank AG	F1	A	C	1	P-1	Aa2	C	A-1	A	364 DAYS	2
Landesbank Baden-Wuerttemberg	F1+	A+	B/C	1	P-1	Aa1	C+	A-1	A+	364 DAYS	2
Landesbank Hessen-Thuringen Girozentrale	F1+	A+		1	P-1	Aa2	C-	A-1	A	364 DAYS	2
Norddeutsche Landesbank Girozentrale	F1	A	C	1	P-1	Aa2	C-	A-1	A	364 DAYS	2
BHF-Bank	F1	A	B/C	1						364 DAYS	2

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Report run on: 03/01/2008 05:37:47

BUTLERS

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	Fitch Ratings				Moody's Ratings			S&P Ratings		Limits	
	S. Term	L. Term	Indiv.	Support	S. Term	L. Term	Fin.Stgth	S. Term	L. Term	Time	Money
OVERSEAS BANKS											
Iceland											
LANDSBANKI ISLANDS GROUP											
LANDSBANKI ISLANDS HF	F1	A	B/C	2	P-1	Aa3	C			364 DAYS	2
GLITNIR	F1	A	B/C	2	P-1	Aa3	C	A-2	A-	364 DAYS	2
Ireland											
DEPFA BANK GROUP											
DePfa Bank Plc	F1+	AA-	B	2	P-1	Aa3	C+	A-1	A+	364 DAYS	2
KBC BANK GROUP											
IIB Bank Limited	F1	A+	B	1	P-1	A1	C	A-1	A+	364 DAYS	2
Allied Irish Banks, p.l.c.	F1+	AA-	B	1	P-1	Aa2	B-	A-1	A+	364 DAYS	2
Anglo Irish Bank Corporation	F1	A+	B	3	P-1	A1	C+			364 DAYS	2
Bank of Ireland	F1+	AA-	B	1	P-1	Aa2	B-	A-1	A+	364 DAYS	2
Irish Permanent Plc					P-1	Aa3	C+	A-1	A+	364 DAYS	2
Italy											
Banca Monte dei Paschi di Siena	F1	A+ (N)	B/C	2	P-1	Aa3	C+	A-1	A	364 DAYS	2
Intesa Sanpaolo	F1+	AA-	B	1	P-1	Aa2	B-	A-1+	AA-	364 DAYS	2
Unicredito Italiano	F1	A+	B	1	P-1	Aa2	B-	A-1	A+	364 DAYS	2
Japan											
MIZUHO CORPORATE BANK LTD	F1	A+	B	1	P-1	Aa2	C	A-1	A+	364 DAYS	2

**Current Counterparty Report for
Chester-Le Street District Council (07-08)**

Page 10
Report run on: 03/01/2008 05:37:47

BUTLERS

List of Approved Counterparties for Lending

	Fitch Ratings				Moody's Ratings			S&P Ratings		Limits	
	S. Term	L. Term	Indiv.	Support	S. Term	L. Term	Fin.Stgth	S. Term	L. Term	Time	Money
OVERSEAS BANKS											
Netherlands											
ING BANK GROUP											
Internationale Nederlanden Bank/ING Bank	F1+	AA	A/B	1	P-1	Aa1	B	A-1+	AA	364 DAYS	2
ABN AMRO Bank	F1+	AA- (P)	B	1	P-1	Aa2	B-	A-1+	AA-	364 DAYS	2
Rabobank	F1+	AA+	A	1	P-1	Aaa	B+	A-1+	AAA	364 DAYS	2
Portugal											
BANCO COMERCIAL PORTUGUES GROUP											
Banco Comercial Portugues	F1	A+	B	2	P-1	Aa3	C+	A-1	A	364 DAYS	2
Banco Espirito Santo	F1	A+	B	2	P-1	Aa3	C+	A-1	A	364 DAYS	2
Saudi Arabia											
RIYAD BANK	F1	A	B	1	P-1	A1	C	A-1	A	364 DAYS	2
Singapore											
Development Bank of Singapore	F1+	AA-	B	2	P-1	Aa1	B	A-1+	AA-	364 DAYS	2
Spain											
BANCO SANTANDER CENTRAL HISPANO GROUP											
Banco Santander Central Hispano	F1+	AA	A/B	1	P-1	Aa1	B	A-1+	AA	364 DAYS	2
Banco Bilbao Vizcaya Argentaria	F1+	AA-	A/B	1	P-1	Aa1	B	A-1+	AA-	364 DAYS	2
Sweden											
ForeningsSparBanken (Swedbank)	F1	A+	B	1	P-1	Aa1	B	A-1	A+	364 DAYS	2
Skandinaviska Enskilda Banken	F1	A+	B	1	P-1	Aa2	B-	A-1	A+	364 DAYS	2
Svenska Handelsbanken	F1+	AA-	B	1	P-1	Aa1	B	A-1+	AA-	364 DAYS	2

**Current Counterparty Report for
Chester-Le Street District Council (07-08)**

Report run on: 03/01/2008 05:37:47

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List of Approved Counterparties for Lending

	Fitch Ratings				Moody's Ratings			S&P Ratings		Limits	
	S. Term	L. Term	Indiv.	Support	S. Term	L. Term	Fin.Stgth	S. Term	L. Term	Time	Money
OVERSEAS BANKS											
Switzerland											
UBS AG	F1+	AA	B	1	P-1	Aaa	B+	A-1+	AA	364 DAYS	2
United States											
BANK AMERICA CORPORATION											
Bank of America, N.A.	F1+	AA	A/B	1	P-1	Aaa	A	A-1+	AA+	364 DAYS	2
CITIGROUP											
Citibank, N.A.	F1+	AA	A/B	1	P-1	Aa1	B	A-1+	AA+	364 DAYS	2
Bank of New York	F1+	AA-	A/B	2	P-1	Aaa	B+	A-1+	AA-	364 DAYS	2
JP Morgan Chase Bank	F1+	AA-	B	1	P-1	Aaa	B+	A-1+	AA	364 DAYS	2
State Street Bank & Trust Company	F1+	AA-	A/B	2	P-1	Aa1	B+	A-1+	AA	364 DAYS	2
Wachovia Bank, N. A.	F1+	AA-	B	2	P-1	Aa1	B+	A-1+	AA	364 DAYS	2
CIT Group Inc	F1	A			P-1	A2		A-1	A	364 DAYS	2
Wachovia Bank International										364 DAYS	2

OTHERS

United Kingdom

- DMO
- Local Authorities
- Money Market Funds

Page 111

Key

- Upgraded **(U)** Positive Rating Watch **(P)**
- Downgraded **(D)** Negative Rating Watch **(N)**

**Current Counterparty Report for
Chester-Le Street District Council (07-08)**

Report run on: 03/01/2008 05:37:47

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Page 112

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Chester-le-Street
District Council

Report to:	Council
Date of Meeting:	28 February 2008
Report from:	Head of Corporate Finance
Title of Report:	Prudential Indicators
Agenda Item Number:	15

1. PURPOSE AND SUMMARY

- 1.1 The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and produce prudential indicators. This report sets out the indicators for 2008/09, together with the expected outturn for 2007/08. Each indicator either summarises the expected activity or introduces limits upon the activity, and reflects the outcome of the Council's underlying capital appraisal systems.

2. CONSULTATION

- 2.1 The Head of Corporate Finance has consulted with Corporate Management Team regarding the implications of the issues raised in the report. The Council's Treasury Management advisors have also been consulted.

3. CORPORATE PLAN AND PRIORITIES

- 3.1 The purpose of the indicators is to provide a framework for decision making on capital expenditure. The Prudential Indicators therefore relate to capital expenditure programmes, and their impact on the revenue budget and provide limits to associated borrowing. The Council's budget sets out the financial resources which will be used to deliver the Council's plan and corporate priorities.

4. IMPLICATIONS

4.1 Financial Implications and Value for Money Statement

The financial implications are detailed throughout the report.

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

The impact on both the Housing Revenue Account and the General Fund is highlighted throughout the report.

4.5 Diversity

There are no diversity implications.

4.6 Risk

The Council complies with all 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 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 implications associated with this report.

5. PRUDENTIAL INDICATORS

5.1 Capital Expenditure and the Financing of the Expenditure

This table shows the Prudential Indicator (PI) which highlights the updated estimated capital programme for 2007/08 and 2008/09. The financing of the capital programme is also shown.

Capital Expenditure by Service	2007/08 Original Projection £'000	2007/08 Revised Projection £'000	2008/09 Estimated Projection £'000
Total non- HRA-	3,720	3,720	1,850
Total HRA -	4,031	2,537	0
Total	7,751	6,257	1,850
Financed by:			
<i>Major Repairs Allowance</i>	2,383	1,986	0
<i>Capital receipts</i>	3,758	2,471	1,200
<i>Capital grants</i>	1,420	1,420	200
<i>Use of VAT Shelter</i>	0	0	450
<i>Revenue</i>	0	190	0
Net financing need for the year	190	190	0

5.2 The Council's underlying Need to Borrow for a Capital Purpose

The table below shows the Council's Capital Financing Requirement, which is the Council's underlying external indebtedness for a capital purpose. It flows directly from the capital expenditure plans above, and will also be adjusted for annual revenue charge for debt repayment (the Minimum Revenue Provision).

	2007/08 Original Projection £m	2007/08 Revised Projection £m	2008/09 Estimated Projection £m
CFR – Non Housing	3.79	3.79	3.66
CFR - Housing	15.97	0.00	0.00
Total CFR	19.76	3.79	3.66
Borrowing	18.89	0.00	0.00
Other long term liabilities	0.04	0.04	0.04
Total Debt 31 March	18.93	0.04	0.04

The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments.

Draft CLG Regulations are currently issued for comment which, if implemented, will require full Council to approve **an MRP Statement**. This will need to be approved in advance of each year. Whilst the regulations will revoke current MRP requirements, councils are allowed to continue historical accounting practice. A variety of options are provided to councils to replace the existing Regulations, so long as there is a prudent provision. The timetable for implementation is very tight and so Members are asked to approve the following policy, based on the draft Regulations. Should the final regulations change this Statement, it will be re-submitted for approval.

The Council is recommended to approve the following MRP Statement. For capital expenditure incurred before 1 April 2008 or which in the future will Supported capital Expenditure, the MRP policy will be:

- **Based on CFR** – MRP will be based on the non-housing CFR.

5.3 Limits to Borrowing Activity

The first key control over the Council's activity is a Prudential Indicator to ensure that over the medium term, net borrowing will only be for a capital purpose. Net external borrowing should not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for 2007/08.

	2007/08 Original Projection £m	2007/08 Revised Projection £m	2008/09 Estimated Projection £m
Gross Borrowing	18.89	0	0
Investments	3.00	7.00	6.00
Net Borrowing	15.89	-7.00	-6.00
CFR	19.76	3.79	3.66

The Head of Corporate Finance reports that the Council complied with the requirement to keep net borrowing below the relevant CFR in 2007/08, and no difficulties are envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

A further two Prudential Indicators control the overall level of borrowing which support. These are:

1. **The authorised limit** – This represents the limit beyond which borrowing is prohibited, and needs to be set and revised by members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.
2. **The operational boundary** – This indicator is based on the probable maximum external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. CIPFA anticipate that this should act as an indicator to ensure the authorised limit is not breached.

Authorised limit for external debt	2007/08 Original Indicator £m	2007/08 Revised Limit £m	2008/09 Estimated Limit £m
Borrowing	22.00	22.00	5.00
Other long term liabilities	0.05	0.05	0.05
Total	22.05	22.05	5.05

Operational boundary for external debt	2007/08 Original Indicator £m	2007/08 Revised Limit £m	2008/09 Estimated Limit £m
Borrowing	20.00	20.00	4.00
Other long term liabilities	0.04	0.04	0.04
Total	20.04	20.04	4.04

5.4 Affordability Prudential Indicators

Actual and estimates of the ratio of financing costs to net revenue stream – This indicator identifies the trend in the cost of capital (borrowing costs net of interest and investment income) against the net revenue stream.

	2007/08 Original Projection %	2007/08 Revised Estimate %	2008/09 Estimate %
Non-HRA	0.55	0.97	-4.45
HRA	12.35	9.87	N/A

Estimates of the incremental impact of capital investment decisions on the council tax and housing rent levels – This indicator measures the impact on the Band D council tax level and on the average weekly rent of tenants of any capital investment included above which may involve unsupported borrowing as a means of financing projects. It is not considered that the capital programme from 2008/2009 above includes any requirement for unsupported borrowing. (Unsupported borrowing means borrowing the revenue costs of which will not feed into the Capital Financing element of the Council's Formula Spending Share and therefore will not be supported by any Government external funding).

The capital investment proposed therefore has no impact on council tax or rents.

Incremental impact of capital investment decisions (£) on:	2007/08 Original £	2007/08 Revised £	2008/09 Estimated £
Band D Council Tax	0	0	0
Housing rents levels	0	0	N/A

5.5 Treasury Management Prudential Indicators

The first treasury indicator requires the adoption of the CIPFA Code of practice on Treasury Management. This Council adopted the Code of Practice on Treasury Management on 27 March 2003, and as a result adopted a treasury management policy statement.

There are four further indicators:

Upper Limits On Variable Rate Exposure – This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments.

Upper Limits On Fixed Rate Exposure – Similar to the previous indicator this covers a maximum limit on fixed interest rates.

	2007/08 Original Indicator £m	2007/08 Revised Limit £m	2008/09 Upper Limit £m
Prudential indicator limits based on debt only			
Limits on fixed interest rates	20.00	20.00	4.00
Limits on variable interest rates	10.00	10.00	2.00
Prudential indicator limits based on investments only			
Limits on fixed interest rates	10.00	10.00	25.00
Limits on variable interest rates	5.00	5.00	3.00
Prudential indicator limits based on debt net of investments			
Limits on fixed interest rates	10.00	10.00	-21.00
Limits on variable interest rates	5.00	5.00	-1.00

Maturity Structures Of Borrowing – These gross limits are set to reduce the Council's exposure to large fixed rate loans (those instruments which carry a fixed interest rate for the duration of the instrument) falling due for refinancing. In addition to the required indicator this Council also monitors the entire maturity profile including both fixed and variable rate loans.

	2008/09 Lower Limit %	2008/09 Upper Limit %
Maturity Structure of all borrowing, both fixed and variable		
Under 12 months	0	60
12 months to 2 years	0	60
2 years to 5 years	0	80
5 years to 10 years	0	80
10 years and above	0	100
Maturity Structure of fixed borrowing		
Under 12 months	0	60
12 months to 2 years	0	60
2 years to 5 years	0	80
5 years to 10 years	0	80
10 years and above	0	100

Total Principal Funds Invested – These limits are set to reduce the need for early sale of an investment, and are based on the availability of investments after each year-end.

	2007/08 Original Limit £m	2007/08 Revised Limit £m	2008/09 Limit £m
Maximum principal sums invested > 364 days	2.00	2.00	2.00

6. RECOMMENDATIONS

- 6.1 The Council is recommended to approve the prudential indicators and limits as detailed in this report.
- 6.2 The Council is recommended to approve the following MRP Statement. For capital expenditure incurred before 1 April 2008 or which in the future will Supported capital Expenditure, the MRP policy will be:
- **Based on CFR** – MRP will be based on the non-housing CFR.

Ian Herberson
Head of Corporate Finance
28 February 2008
Version 1.0

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Report to: Council

Date of Meeting: 28 February 2008

Report from: Head of Corporate Finance

Title of Report: 2008/2009 Council Tax Setting

Agenda Item Number: 16

1. CALCULATION OF THE BUDGET REQUIREMENT FOR COUNCIL TAX SETTING

- 1.1 Section 32, as amended, of the Local Government Finance Act 1992 requires a billing authority to calculate its budget requirement for each financial year. The budget requirement represents, in essence, the Council's budgeted net revenue expenditure after allowing for contributions to and drawings from reserves. It is the amount which is to be met from Revenue Support Grant, redistributed Non-Domestic Rates, additional grant and Council Tax income. In the case of billing authorities, the budget requirement must include amounts in respect of precepts levied by Parish Councils.
- 1.2 The following precept requirements for 2008/2009 have been received from Parish Councils for the financial year ending 31 March 2009. These figures represent an increase of 13.8% over requirements in 2007/2008:-

	<u>2007/2008</u>	<u>2008/2009</u>
	£	
Bournmoor	12,000	13,000
Edmondsley	1,500	3,000
Great Lumley	18,500	19,000
Kimbleworth and Plawsworth	11,000	12,500
Little Lumley	6,000	7,500
North Lodge	18,000	18,000
Ouston	9,500	10,000
Pelton	39,000	44,000
Sacrison	31,500	40,000
Urpeth	20,000	23,000
Waldrige	<u>22,000</u>	<u>25,000</u>
	189,000	215,000

- 1.3 Therefore, the District Council's budget requirement for 2008/2009 will be its budgeted net revenue expenditure of £8,246,983 plus the parish precepts of £215,000, i.e. £8,461,983.

2. CALCULATION OF BASIC AMOUNT OF TAX

- 2.1 Section 33 of the Local Government Finance Act 1992 provides that the basic amount of tax for a billing authority shall be calculated by applying the formula:-

$$\frac{R - P}{T}$$

where:-

R is the amount calculated by the authority as its budget requirement for the year;

P is the aggregate of the sums which the authority estimates will be payable for the year in respect of Revenue Support Grant, redistributed Non Domestic Rates, additional grant or relevant specific grant;

T is the Authority's Council Tax base for the year.

- 2.2 Section 33(3), as amended, of the Act provides that the aggregate of the sums in Item P above shall be either increased or decreased by the Authority's share of any estimated collection fund surplus or deficit.

The following, therefore, needs to be taken into account and Item P adjusted accordingly:-

Collection Fund Surplus

The Council, as the billing and collection authority for Council Tax purposes, collects amounts on behalf of the County Council, the Police and Fire Authorities, and the local Councils. Payments to other bodies is by way of a fixed precept.

Any under or over recovery of Council Tax needs to be adjusted on an annual basis. Adjustments due to a surplus or deficiency are made between the District Council, the Police Authority and the Fire Authority. Local Councils are not involved in this final adjustment.

An estimate is made in mid-January of the Collection Fund position as at the following 31 March. It is estimated that there will be a surplus of £250,000. The proportion due to the District Council is £30,000. This will be returned to the Chester le Street District Council taxpayer by an adjustment to the Band D Council Tax calculation. It cannot be used to fund revenue expenditure. Obviously, without the benefit of this Collection Fund surplus, the tax for 2008/09 would be higher than its recommended level of £181.17.

2.3 The basic amount of Council Tax for 2008/2009 can, therefore, be calculated as follows:-

Budget Requirement (including Parish Precepts)	£8,461,983
<u>Less</u>	
Formula Grant	£5,121,467
Collection Fund Surplus	<u>£30,000</u>
<hr/>	
To be raised by Council Tax	<u>£3,310,516</u>
Tax Base	17,086.65
Basic Amount of Tax	<u>£193.75</u>

3. **SPECIAL ITEMS**

3.1 Section 34 of the Local Government Finance Act 1992 provides that, where there are special items in the budget requirement, further calculations are to be made to produce different basic amounts of tax for different parts of the area to reflect the fact that the cost of a special item is to fall only on that part of the Authority's area to which it relates. Members will appreciate, therefore, as the budget requirement includes parish precepts it will be necessary to make further calculations to produce different basic amounts of tax for the unparished area and each of the parished areas as follows:-

3.1.1 Unparished Area (Chester-le-Street)

$$\begin{aligned}
 &\text{Basic Amount of Tax - } \frac{\text{Parish Precepts}}{\text{Tax Base}} \\
 &= \quad \text{£193.75} \quad - \quad \frac{\text{£215,000}}{17,086.65} \\
 &= \quad \underline{\text{£181.17}}
 \end{aligned}$$

3.1.2 Parished Areas

	<u>Parish Precept</u> £	<u>Tax Base</u>	<u>Additional Basic Tax</u> £	<u>Unparished Basic Tax</u> £	<u>Basic Tax</u> £
Bournmoor	13,000	680.42	19.11	181.17	200.28
Edmondsley	3,000	176.59	16.99	181.17	198.16
Great Lumley	19,000	1,212.73	15.67	181.17	196.84
Kimbleworth & Plawsworth	12,500	502.08	24.90	181.17	206.07
Little Lumley	7,500	521.97	14.37	181.17	195.54
North Lodge	18,000	897.20	20.06	181.17	201.23
Ouston	10,000	910.77	10.98	181.17	192.15
Pelton	44,000	1,828.63	24.06	181.17	205.23
Sacriston	40,000	1,417.50	28.22	181.17	209.39
Urpeth	23,000	1,109.74	20.73	181.17	201.90
Waldrige	25,000	1,473.53	16.97	181.17	198.14

3.2 The above represents, therefore, the basic amounts of tax for the unparished area and each of the parished areas for 2008/2009.

4. **CALCULATION OF TAX FOR EACH VALUATION BAND**

4.1 Section 36 of the Local Government Finance Act 1992 requires that, following the calculation of the basic amount of tax for each part of the Authority's area, the amount of the tax applicable to each valuation band in each part of the Authority has to be calculated. The resultant amounts of tax are shown in Appendix 'A'.

4.2 I would recommend that the amounts of tax for each valuation band within each part of the Authority as detailed in Appendix 'A' be approved.

5. **INCREASE IN COUNCIL TAX**

5.1 The District Council element of the Council Tax for a Band D property, excluding the effect of parished areas, in 2008/2009 has risen from £176.06 to £181.17 which represents an increase of £5.11 or 2.9%. This can be analysed as follows:-

	<u>Increase in Council Tax</u> £
Increased Budget Requirement	8.58
Increased External Support	(4.67)
Decreased Collection Fund Surplus	0.79
Decreased Council Tax Base	0.41
	<hr/> 5.11 <hr/>

5.2 After taking account of the average parish charge, being £12.58 for a Band D property, the combined District and average parish charge for 2008/09 is £193.75, an increase of £6.65, or 3.6%.

6. **RECOMMENDATION**

That Members approve the Formal Resolution as circulated.

Ian Herberson
Head of Corporate Finance
28 February 2008
Version 1.0

Contact Details:
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	Council Tax bands								
PARISHES	A	B	C	D	E	F	G	H	
Bournmoor	133.52	155.77	178.03	200.28	244.78	289.29	333.80	400.56	
Edmonsley	132.11	154.12	176.14	198.16	242.20	286.23	330.27	396.32	
Great Lumley	131.23	153.10	174.97	196.84	240.58	284.32	328.07	393.68	
Kimbleworth	137.38	160.28	183.17	206.07	251.86	297.66	343.45	412.14	
Little Lumley	130.36	152.09	173.81	195.54	238.99	282.45	325.90	391.08	
North Lodge	134.15	156.51	178.87	201.23	245.95	290.67	335.38	402.46	
Ouston	128.10	149.45	170.80	192.15	234.85	277.55	320.25	384.30	
Pelton	136.82	159.62	182.43	205.23	250.84	296.44	342.05	410.46	
Sacrison	139.59	162.86	186.12	209.39	255.92	302.45	348.98	418.78	
Urpeth	134.60	157.03	179.47	201.90	246.77	291.63	336.50	403.80	
Waldridge	132.09	154.11	176.12	198.14	242.17	286.20	330.23	396.28	
Chester-le-Street	120.78	140.91	161.04	181.17	221.43	261.69	301.95	362.34	

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THE DISTRICT COUNCIL OF CHESTER-LE-STREET

Formal Resolution to be declared at the Council meeting to be held on Thursday 28 February 2008.

The Council RESOLVES:-

1. That the General Fund revenue budget for 2008/2009 as submitted to this Council Meeting be approved.
2. That it be noted that at its meeting on 29 November 2007 the Council calculated the following amounts for the year 2008/2009 in accordance with Regulations made under Section 33(5) of the Local Government Finance Act 1992:-

a) 17,086.65 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities' (Calculation of Council Tax Base) Regulations 1992, as its Council Tax base for the year.

b) Part of the Council's area:-

Parish of Bournmoor	680.42
Parish of Edmondsley	176.59
Parish of Great Lumley	1,212.73
Parish of Kimblesworth and Plawsworth	502.08
Parish of Little Lumley	521.97
Parish of North Lodge	897.20
Parish of Ouston	910.77
Parish of Pelton	1,828.63
Parish of Sacriston	1,417.50
Parish of Urpeth	1,109.74
Parish of Waldrige	1,473.53

being the amounts calculated by the Council, in accordance with Regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.

3. That the following amounts be now calculated by the Council for the year 2008/2009 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:-
 - a) £31,287,330 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act.

- b) £22,825,347 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act.
- c) £8,461,983 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
- d) £5,151,467 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant, additional grant or relevant special grant increased by the amount of the sums which the Council estimates will be transferred in the year from its collection fund to its general fund in accordance with Section 97(3) of the Local Government Finance Act 1988 and increased by the amount of any sum which the Council estimates will be transferred from its collection fund to its General Fund pursuant to the Collection Fund (Community Charges) Directions under Section 98(4) of the Local Government Finance Act 1988 made on 7 February 1994.
- e) £193.75 being the amount at 3(c) above less the amount at 3(d) above, all divided by the amount at 2(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year.
- f) £215,000 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
- g) £181.17 being the amount at 3(e) above less the result given by dividing the amount at 3(f) above by the amount at 2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.
- h) Part of the Council's area:-
- | | <u>£</u> |
|---------------------------------------|----------|
| Parish of Bournmoor | 200.28 |
| Parish of Edmondsley | 198.16 |
| Parish of Great Lumley | 196.84 |
| Parish of Kimblesworth and Plawsworth | 206.07 |
| Parish of Little Lumley | 195.54 |
| Parish of North Lodge | 201.23 |
| Parish of Ouston | 192.15 |
| Parish of Pelton | 205.23 |
| Parish of Sacriston | 209.39 |
| Parish of Urpeth | 201.90 |
| Parish of Waldrige | 198.14 |

being the amounts given by adding to the amount at 3(g) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

i) Valuation Bands

	Council Tax bands							
PARISHES	A	B	C	D	E	F	G	H
Bournmoor	133.52	155.77	178.03	200.28	244.78	289.29	333.80	400.56
Edmonsley	132.11	154.12	176.14	198.16	242.20	286.23	330.27	396.32
Great Lumley	131.23	153.10	174.97	196.84	240.58	284.32	328.07	393.68
Kimbleworth	137.38	160.28	183.17	206.07	251.86	297.66	343.45	412.14
Little Lumley	130.36	152.09	173.81	195.54	238.99	282.45	325.90	391.08
North Lodge	134.15	156.51	178.87	201.23	245.95	290.67	335.38	402.46
Ouston	128.10	149.45	170.80	192.15	234.85	277.55	320.25	384.30
Pelton	136.82	159.62	182.43	205.23	250.84	296.44	342.05	410.46
Sacriston	139.59	162.86	186.12	209.39	255.92	302.45	348.98	418.78
Urpeth	134.60	157.03	179.47	201.90	246.77	291.63	336.50	403.80
Waldrige	132.09	154.11	176.12	198.14	242.17	286.20	330.23	396.28
Chester-le-Street	120.78	140.91	161.04	181.17	221.43	261.69	301.95	362.34

being the amounts given by multiplying the amounts at 3(g) and 3(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted that for the year 2008/2009 the Durham County Council, Durham Police Authority and the Combined Fire and Rescue Authority for County Durham and Darlington have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

<u>Precepting Authority</u>	Valuation Bands							
	<u>Band A</u> £	<u>Band B</u> £	<u>Band C</u> £	<u>Band D</u> £	<u>Band E</u> £	<u>Band F</u> £	<u>Band G</u> £	<u>Band H</u> £
Durham County Council	682.92	796.74	910.56	1,024.38	1,252.02	1,479.66	1,707.30	2,048.76
Durham Police Authority	94.98	110.81	126.64	142.47	174.13	205.79	237.45	284.94
Durham & Darlington Fire and Rescue Authority	55.08	64.26	73.44	82.62	100.98	119.34	137.70	165.24

5. That, having calculated the aggregate in each case of the amounts at 3(i) and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts at the amounts of Council Tax for the year 2008/2009 for each of the categories of dwellings shown below:-

Part of the Council's area	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Bournmoor	966.50	1,127.58	1,288.67	1,449.75	1,771.92	2,094.08	2,416.25	2,899.50
Edmondsley	965.09	1,125.93	1,286.78	1,447.63	1,769.33	2,091.02	2,412.72	2,895.26
Great Lumley	964.21	1,124.91	1,285.61	1,446.31	1,767.71	2,089.11	2,410.52	2,892.62
Kimbleworth	970.36	1,132.09	1,293.81	1,455.54	1,778.99	2,102.45	2,425.90	2,911.08
Little Lumley	963.34	1,123.90	1,284.45	1,445.01	1,766.12	2,087.24	2,408.35	2,890.02
North Lodge	967.13	1,128.32	1,289.51	1,450.70	1,773.08	2,095.46	2,417.83	2,901.40
Ouston	961.08	1,121.26	1,281.44	1,441.62	1,761.98	2,082.34	2,402.70	2,883.24
Pelton	969.80	1,131.43	1,293.07	1,454.70	1,777.97	2,101.23	2,424.50	2,909.40
Sacrison	972.57	1,134.67	1,296.76	1,458.86	1,783.05	2,107.24	2,431.43	2,917.72
Urpeth	967.58	1,128.84	1,290.11	1,451.37	1,773.90	2,096.42	2,418.95	2,902.74
Waldrige	965.07	1,125.92	1,286.76	1,447.61	1,769.30	2,090.99	2,412.68	2,895.22
Ch-le-St	953.76	1,112.72	1,271.68	1,430.64	1,748.56	2,066.48	2,384.40	2,861.28

6. That the Head of Corporate Finance be authorised to serve notices, enter into agreements, give receipts, make adjustments, institute proceedings and take any action available to the Council to collect or enforce the collection of the Non-Domestic Rate and the Council Tax from those persons liable.

Ian Herberson
Head of Corporate Finance
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