

COUNCIL

Friday, 24 February 2006

11.00 a.m.

Council Chamber Council Offices
Spennymoor

AGENDA and REPORTS

AGENDA

1. **APOLOGIES**
2. **DECLARATIONS OF INTEREST**
To notify the Mayor of any items that appear later in the agenda in which you may have an interest.
3. **MINUTES**
To confirm as a correct record the Minutes of the meeting held on 25TH November 2005 (Pages 1 - 4)
4. **MAYOR'S ANNOUNCEMENTS**
5. **BUDGET FRAMEWORK 2006-07**
Report of Director of Resources (Pages 5 - 20)
6. **TREASURY MANAGEMENT STRATEGY 2006-07**
Report of Director of Resources (Pages 21 - 32)
7. **ARRANGEMENTS FOR REVIEW OF THE CONSTITUTION**
Report of Chief Executive Officer (Pages 33 - 38)
8. **SUMMARY OF CHANGES TO STANDARDS ARRANGEMENTS:
"STANDARDS OF CONDUCT IN ENGLISH LOCAL GOVERNMENT:THE
FUTURE - DECEMBER 2005"**
Report of Solicitor to the Council and Monitoring Officer (Pages 39 - 44)
9. **SEDGEFIELD BOROUGH LOCAL DEVELOPMENT FRAMEWORK -
ADOPTION OF THE RESIDENTIAL EXTENSIONS SUPPLEMENTARY
PLANNING DOCUMENT**
Report of Director of Neighbourhood Services (Pages 45 - 50)

N. Vaulks
Chief Executive Officer

Council Offices
SPENNYMOOR
15th February 2006

Councillor J.K. Piggott (Mayor) and

All other Members of the Council

ACCESS TO INFORMATION

Any person wishing to exercise the right of inspection in relation to this Agenda and associated papers should contact
Liz North 01388 816166 ext 4237

Item 3

SEDGEFIELD BOROUGH COUNCIL

Council Chamber
Council Offices
Spennymoor

Friday,
25 November 2005

Time: 11.00 a.m.

Present: Councillor J.K. Piggott (Mayor) and

Councillors W.M. Blenkinsopp, Mrs. K. Conroy, Mrs. J. Croft, V. Crosby, M.A. Dalton, R.S. Fleming, Mrs. B. Graham, A. Gray, G.C. Gray, Mrs. J. Gray, A. Hodgson, G.M.R. Howe, J.G. Huntington, M.T.B. Jones, B. Meek, D.A. Newell, B.M. Ord, R.A. Patchett, Mrs. E.M. Paylor, Ms. M. Predki, J. Robinson J.P, A. Smith, J.M. Smith, Mrs. I. Jackson Smith, Mrs. L. Smith, T. Ward, W. Waters and J. Wayman J.P

Apologies: Councillors Mrs. A.M. Armstrong, B.F. Avery J.P, D.R. Brown, J. Burton, Mrs. B.A. Clare, Mrs. A.M. Fleming, T.F. Forrest, B. Hall, D.M. Hancock, K. Henderson, J.E. Higgin, Mrs. L. Hovvels, M. Iveson, J.M. Khan, J.P. Moran, G. Morgan, K. Noble, Mrs. C. Potts, G.W. Scott, Mrs. C. Sproat and K. Thompson

C.51/05

MINUTES

The Minutes of the meeting held on 30th September, 2005 were confirmed as a correct record and signed by the Mayor.

C.52/05

MAYOR'S ANNOUNCEMENTS

The Mayor reported that since the last meeting he had attended thirty four functions and events including "Arts Aspect of Life Laundry Presentations" at St. Francis C.of E. School, Newton Aycliffe, Finchale Training College Annual Prizegiving Event, Ferryhill Amateur Operatic Society performance of "Call Me Madam" and the Everyman Theatre Company's production of "The Legend" and "A Respectable Funeral" performed at Spennymoor Settlement.

He also reported that he had had a luncheon meeting with the Chief Executive Officer of the National Countryside Agency and had hosted a tour of Locomotion for Regional Mayors, Chairmen and Deputies.

In addition Long Service Award ceremonies for Council staff had been held at Ferryhill Leisure Centre when he had presented certificates. Other presentation evenings which he had attended included, the Annual Presentation of GCSE certificates at Greenfield School and the Annual Presentation Evening at Ferryhill Business and Enterprise College.

Councillor Piggott also reported that he had attended a "Multi-Skills Academy for Gifted Young Athletes" at Newton Aycliffe Leisure Centre, a Children in Need "Fun-Day" at Agnew Community Centre and "Digging the First Sod" of the Surestart development at Shildon and Newton Aycliffe.

The Mayor had also attended Golden and Star Sapphire Wedding Anniversary Celebrations as well as Charity Evenings and Civic Dinners.

C.53/05

PROPOSED CORPORATE BRAND IDENTITY

Consideration was given to a report of the Chief Executive Officer (for copy see file of Minutes) proposing changes to the existing Council logo as part of a Corporate Brand Identity and the introduction of a Brand Control Guide.

It was explained that the proposed Corporate Brand Identity had been developed by a Task Group including marketing and design specialists and consultations with Corporate Communications Working Group. The design of the proposed Corporate Brand Identity would represent the key ambitions set out in the Community Strategy which underpinned the Corporate Plan.

The brand would include a logo with a design and range of colours which would enable stakeholders to identify the Council's key aims and would be incorporated on the Council's website

It was explained that the consultation process on corporate re-branding had been extended to include the Employee Focus Group, Elected Members, the Council Tax Consultation Group, the Community Empowerment Network and the Residents Federation.

Members were informed that It was intended that presentations would be given to all departments and Members to promote the Corporate Brand Identity ahead of its official implementation date in January, 2006.

A Corporate Brand Guide would be developed as a guideline to ensure that all Council publications sat together and regular monitoring and feedback would help to define the purpose and audience for publications and vary the corporate style to meet those needs.

Resource implications of adopting a phased implementation of the Corporate Brand Identity across two financial years 2005/6 and 2006/7 were set out in Appendix 2 to the report.

- RESOLVED :**
1. *That the new Corporate Brand Identity and its use from 1st January, 2006 be approved.*
 2. *That a Brand Control Guide be prepared by the Corporate Communication Task Group to provide a clear statement of show the Brand Identity would be used to provide consistency and the promotion of one corporate logo for all council services.*
 3. *That in 2005/06 the expenditure of £39,240 be met from contingencies and that appropriate provision be made in the 2006./07 budget to meet the balance of the costs.*

NB : In accordance with the Council's Rules and Procedures 13.4 Councillors W. M. Blenkinsopp, Mrs J. Croft, J.G. Huntington, G.M.R. Howe, Mrs I.Jackson Smith, M.T. B. Jones, B.M. Ord, Mrs E.M. Paylor , J. M. Smith, Mrs L. Smith and J. Wayman JP requested that their names be recorded as having voted against the resolutions.

C.54/05

ARRANGEMENTS FOR REVIEW OF THE CONSTITUTION

Consideration was given to a report of the Chief Executive (for copy see file of Minutes) making recommendations in relation to a further review of the Constitution and identifying proposed changes.

The recommendations in the report were based on advice from the Council's Monitoring Officer following meetings of the Constitutional Review Group and had been considered by Cabinet and Standards Committee.

Members were informed that the proposals related to those areas where it was considered appropriate to make some immediate changes such as those arising from new primary and secondary legislation, and requests from Heads of Service, to make changes to the scheme of delegations, the Terms of Reference for full Council and Overview and Scrutiny Committees and the Financial Regulations and Contract procedural rules.

Details of the proposals were set out in the appendices to the report

It was noted that a further report would be submitted dealing with the implications of the changes to members' roles arising from this report.

RESOLVED : *That the amendments set out in the Appendices to the report be approved and the Council's Monitoring Officer be directed to :*

- (a) Amend the Constitution accordingly and make all necessary and consequential amendments, and*
- (b) To publish an amended version on the Councils website.*

ACCESS TO INFORMATION

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Liz North 01388 816166 ext 4237

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Item 5

REPORT TO COUNCIL

24TH FEBRUARY 2006

REPORT OF THE DIRECTOR OF RESOURCES

Portfolio: RESOURCE MANAGEMENT

BUDGET FRAMEWORK 2006/07

1.0 SUMMARY

- 1.1 The Cabinet, at its meeting on 16th February 2006 considered the feedback and findings of the comprehensive consultation exercise in regard to its initial proposals for the Budget Framework 2006/07. At the meeting the Cabinet made recommendations regarding its proposals to be considered by Council.
- 1.2 This report considers the implications of those recommendations in terms of total spending, rent increases and the increase required in the Borough's Council Tax for the coming year. Detailed account has also been taken of the Council's medium term financial plan, which sets out the framework for developing annual revenue and capital budgets over the medium term. The report also considers the demands made by precepting authorities and establishes the Council Tax applicable at each Band, in each area of the Borough for the financial year 2006/07.

2.0 RECOMMENDATIONS

- 2.1 That the Budget Framework, as summarised in this report, and the detailed recommendations set out at the end of this report, be approved.

3.0 BUDGET FRAMEWORK 2006/07

Background

- 3.1 The Cabinet approved its initial budget framework for 2006/07 at its meeting on 12th January 2006. All Members of the Council received a copy of that report, a summarised draft budget supporting it and additional notes giving background to the key budget decisions to allow full scrutiny of the budget to be undertaken. During the four-week consultation period all Overview and Scrutiny Committees considered their respective budget areas and the consultation also took place with Council Tax Focus Groups and Tenants Groups. Cabinet considered the findings of the comprehensive consultation process at its meeting on 16th February 2006, when it made recommendations representing its proposals for the Budget Framework 2006/07. These recommendations are set out at Appendix A to this report.
- 3.2 The implications of those recommendations in terms of total spending, rent increases and the increase required in the Borough Council Tax for 2006/07 can be summarised as follows.

General Fund (GF)

- 3.3 The Council's net spending requirement in 2006/07 after a use of balances of £500,000 will be £14,045,480 and the details of this and effect on the Borough's Council Tax is as follows:-

Portfolio	Budget 2005/06 £	Budget 2006/07 £
Resource Management	(1,995,060)	(2,136,000)
Performance Management	1,327,700	1,635,990
Welfare and Communications	1,385,730	1,468,560
Culture and Recreation	3,797,340	3,799,870
Environment	4,597,820	5,192,350
Housing	505,750	547,360
Regeneration	1,564,050	1,473,480
Community Safety	703,840	808,100
Supporting People	1,023,370	1,511,290
Less Salary Savings	(220,000)	(260,000)
Contingency	519,460	504,480
	13,210,000	14,545,480
Less : Use of Balances	800,000	500,000
Less:	12,410,000	14,045,480
Revenue Support Grant	7,580,450	9,133,274
Collection Fund Surplus	250,000	200,000
NET DEMAND	4,579,550	4,712,206

Equivalent Council Tax at Band D: **£175.60** **£180.87**
£5.27 increase (or 3.0%)

Equivalent Council Tax at Band A: **£117.07** **£120.58**
£3.51 increase (or 3.0%)

Housing Revenue Account (HRA)

- 3.4 No changes to the initial budget framework for the HRA are proposed by Cabinet and the increase in housing rents required is recommended to be:-

An increase in basic and target rents of 3.20% with effect from 3rd April 2006, with the adjustment for rent restructuring set at up to +£2 per week. This will have the impact of increasing the average rent on the HRA by 5%.

Capital Spending

- 3.5 No changes to the initial budget framework for capital spending are proposed by Cabinet and it is recommended that total capital expenditure be fixed at £15,650,000 and allocated to portfolios in accordance with the table set out at Appendix B. The programme has been set in line with the medium term capital investment plans contained in the Medium Term Financial Plan.

Treasury Management Strategy incorporating the Prudential Code

- 3.6 Treasury Management covers the borrowing and investment activities of the Council and the effective management of the associated risks in relation to these activities. This is an important aspect of the overall management of the Council's financial affairs. A separate report provides details of the strategy to be followed by the Council in relation to its Treasury Management activities, which takes into account the impact of the Prudential Code for Capital Finance. The report makes

recommendations about the Council's borrowing, investment and treasury activities over the next few years, and has been developed taking full account of the Budget Framework for 2006/07.

Robustness of Budget Estimates

3.7 A prudent approach has been taken to the development of service budgets based on realistic and achievable spending and income targets with appropriate consideration of any risks and uncertainties that may be encountered.

Reasonable provision has been made for pay awards and inflation including the impact of job evaluation. The provision of a contingency fund in the Budget Framework 2006/07 provides further flexibility for the Council to respond to any additional and unexpected spending needs that may be required during the year.

3.8 A full report on the revenue position of the current year's budgets will be considered by Cabinet on the 2nd March 2006. In summary that report shows that spending on both the General Fund and the HRA is expected to be controlled within the original budget provision.

Balances and Reserves

3.9 The Council has traditionally maintained a healthy level of balances and reserves and the table below shows the amounts expected to be held at 31st March 2006:-

Estimated Balance in Hand At 31st March 2006
--

Earmarked Balances	£000	£000
Budget Support Fund	1,378	
Insurance Fund	1,063	
Economic Development Fund	199	
Training and Employment Services	372	
Asset Management Fund	502	
Private Sector Housing Fund	203	
Loan Debt Support Fund	456	
Youth Development Fund	101	
Other Fund Balances	55	4,329
Non-Earmarked Balances		
General Reserve	2,240	
Housing Revenue Account	4,110	6,350
		10,679

Budget Support Fund - This was set up to provide support to the General Fund to allow spending levels to be adjusted over the medium term. The Budget Framework 2006/07 provides for the use of balances of £500,000 to support revenue spending.

Insurance Fund - Established to cover the Council's self-insured risks. Whilst the revised balance will fall as claims continue to be met, the current level of funding is regarded as satisfactory in the medium term.

Economic Development Fund - Set up to provide incentives to industry, the Fund has lasted much longer than initially anticipated. There are ongoing commitments against the fund over the next few years and it is planned that £108,500 will be committed in 2006/07. No external grant funding is now available to support the incentives programme and the fund is therefore running down and has a very limited future life.

Training and Employment Services - This fund is used to support the Council's training schemes, which have provided training opportunities to thousands of people over many years. This has proved extremely successful, however it is anticipated that there will be an operating loss of around £75,000 in 2005/06 which will be met from the Training Fund.

Asset Management Fund - This fund is available to provide support to meet the Council's commitments under the Asset Management Plan. There is no planned use of this fund next year.

Private Sector Housing Fund - Established some years ago, when housing association loans were repaid, to provide support to private sector housing initiatives. There is no planned use of this fund next year.

Loan Debt Support Fund – This fund is used to support the costs associated with managing the Council's debt portfolio. It is expected that around £200,000 will be utilised in 2006/07 to assist in rescheduling the Council's capital financing costs.

Youth Development Fund – The fund, also known as the 'Koolkash' fund, is used to support projects and initiatives aimed at developing the skills and talents of young people in Sedgefield Borough.

Other Fund Balances - This covers a range of small balances, which are used for technical accounting purposes.

General Reserve - The balance on this reserve of £2.2m represents around 15% of net revenue spending, which is well above the minimum level advised by the Audit Commission of 5%. Having said that, the Council has always held a significant reserve reflecting its tradition of being an active Council, prepared to respond to new initiatives. I consider the level of balances to be adequate and appropriate for this authority and my advice is to regard £2m as a target to be maintained in the medium term.

Housing Revenue Account – HRA balances are also in a healthy state and are expected to total £4.1m at 31st March 2006. This takes into account a forecast contribution to balances in the current year of about £650,000, which includes the reimbursement of LSVT costs.

In line with previous years, the final funding position of the Housing Capital Programme for 2005/06, in terms of the actual use of revenue contributions to capital, could affect the final balance on the HRA Reserve. As the Housing Subsidy Settlement has released additional resources into the HRA for 2006/07, no use of balances will be required to fund revenue activities. However, it is planned to make a contribution from HRA Reserves of £500,000 in 2006/07 and in 2007/08 in respect of the Housing Capital Programme to assist with the transition to a programme focused on meeting the Government's Decent Homes Standard by 2010. It is also likely that there will be a requirement to use HRA Reserves to assist with the implementation of the Service Improvement Plan and the impact of this will be reported to Cabinet in March 2006.

PRECEPTING AUTHORITIES

Parishes

- 3.10 In accordance with the Local Government Finance Act 1992, Parish Council precepts must be issued against the Borough Council's General Fund. Precept forms have now been received from all Parish and Town Councils. The figures for all Towns and Parishes, together with the resulting Council Tax at Band D, are set out in the following table:-

	Council Tax Base 2006/07	Precept For 2006/07	Council Tax At Band D
		£	£ p
Bishop Middleham	435	40,140	92.28
Bradbury	55	1,250	22.73
Chilton	1,129	172,910	153.15
Cornforth	720	66,000	91.67
Eldon	114	9,000	78.95
Ferryhill	3,018	549,910	182.21
Fishburn	719	58,000	80.67
Great Aycliffe	7,726	1,441,878	186.63
Middridge	128	4,000	31.25
Mordon	107	1,373	12.83
Sedgefield	1,880	202,007	107.45
Sildon	2,775	545,480	196.57
Spennymoor	5,825	1,079,014	185.24
Trimdon	1,324	96,790	73.10
Windlestone	98	500	5.10
	26,053	4,268,252	163.83

- 3.11 The precepts for 2006/07 total £4,268,252 compared with £4,120,981 for the current year, an increase of £147,271 (3.6%). This equates to an average parish Council Tax of £163.83 at Band D, an increase of £5.81 (3.7%) over the current year. For details of the increases applicable to particular Parishes, Members should refer to Appendix C.
- 3.12 The total level of Parish precepts is taken into account in determining the Borough's overall demand on the Collection Fund, which is summarised as follows:-

	Borough £	Parishes £	Total £
Budget Requirements	14,045,480	4,268,252	18,313,732
Less			
Revenue Support Grant	9,133,274	-	9,133,274
Collection Fund Surplus	200,000	-	200,000
NET DEMAND	4,712,206	4,268,252	8,980,458
Equivalent Council Tax at Band D	180.87	163.83	344.70

Durham County Council

- 3.13 Durham County Council meets to consider its spending plans for 2006/07 on 21st February 2006. It will consider a recommendation that will require a precept on this Council in the sum of £25,204,043.12, which equates to a Council Tax of £967.41 at Band D, an increase of £42.57 or 4.6% over the current year.

Durham and Darlington Fire and Rescue Authority

- 3.14 The Fire and Rescue Authority met to consider its spending plans for 2006/07 on 16th February 2006. It approved a recommendation that will require a precept on this Council in the sum of £2,007,123.12, which equates to a Council Tax of £77.04 at band D, an increase of £3.60 or 4.9% over the current year.

Durham Police Authority

- 3.15 The Police Authority meets to consider its spending plans for 2006/07 on 17th February 2005. It will consider a recommendation that will require a precept on this Council in the sum of £2,626,142.40, which equates to a Council Tax of £100.80 at Band D, an increase of £4.77 or 4.96% over the current year. However, it should be noted that consideration is still being given by the Police Authority to a much larger increase than indicated above.

Overall Level of Council Tax 2006/07

- 3.16 Subject to the final recommendations of Durham County Council and Durham Police Authority, and the demands contained in this report, the Council Tax payable in the Sedgfield area at Band D will be in accordance with the following Table. As 68% of all properties in the Borough fall into Band A, that figure is also shown for Members' information.

Area	Council Tax At Band A		Council Tax At Band D	
	£	p	£	p
Bishop Middleham	945.60		1,418.40	
Bradbury	899.23		1,348.85	
Chilton	986.18		1,479.27	
Cornforth	945.19		1,417.79	
Eldon	936.71		1,405.07	
Ferryhill	1,005.55		1,508.33	
Fishburn	937.86		1,406.79	
Great Aycliffe	1,008.50		1,512.75	
Middridge	904.91		1,357.37	
Mordon	892.63		1,338.95	
Sedgfield	955.71		1,433.57	
Shildon	1,015.13		1,522.69	
Spennymoor	1,007.57		1,511.36	
Trimdon	932.81		1,399.22	
Windlestone	887.48		1,331.22	

- 3.17 As Members are aware, the Council Tax for all other Bands is fixed as a specified proportion of the tax at Band D. The figures shown above are the combined figures to meet the net expenditure of the County Council, the Police Authority, the Fire Authority, the Borough and various Town and Parish Councils. Further details showing the tax for each Band and the constituent elements are set out in Appendices D, E, F and G as follows:-

Appendix D: Council Tax for Borough and Parish Councils.

Appendix E: Analysis of Council Taxes for the County Council, Borough and Parish Councils, Durham Police Authority and Combined Fire Authority.

Appendix F: The total Council Tax in each area of the Borough.

Appendix G: Analysis of Council Tax Changes from 2005/06 to 2006/07.

RECOMMENDATIONS

1. That the Council's 2006/07 General Fund Revenue Budget, totalling **£14,045,480** be approved.
2. That the Housing Revenue Account Budget be approved and that a rent increase of 3.20% be applied to all basic and target rents with a rent restructuring adjustment of up to + £2, effective from 3rd April 2006.
3. That the council's 2006/07 Capital Spending Programme, totalling **£15,650,000**, as set out in Appendix B to the report be approved.
4. That in accordance with Section 25(1) of the Local Government Act 2003, the comments of the Director of Resources, in relation to the robustness of the budget estimates being considered and adequacy of the financial reserves, be noted.
5. That the calculations required under Section 32 to 36 of the Local Government Finance Act, 1992 be approved as follows:-

	£
Aggregate of the calculations required under Section 32(2)(a) to (e) of the Act (i.e. gross expenditure of the Borough plus Parish precepts)	93,500,672
Aggregate of the calculations required under Section 32(3)(a) to (c) of the Act (i.e. income which will be credited to the Borough's General Fund)	75,186,940
Being the difference between the above calculations, in accordance with Section 32(4) of the Act – the budget requirement for the year	18,313,732

6. That the calculation of the sums which the Council estimates will be payable for the year into its General Fund be approved as follows:-

	£
Revenue Support Grant	9,133,274
Collection Fund Surplus	200,000
	8,980,458

7. That the calculation required under Section 33(1) of the 1992 Act, as the basic amount of the Council Tax for the year, i.e. the total in 5 above, less the total in 6 above, divided by the Tax Base 26,053, be approved as follows - **£344.70** (i.e. an average local Tax at Band D).
8. That the aggregate amount of all special items (Parish Precepts) in accordance with Section 34(1) of the Act, amounting to **£163.83** be approved.
9. That the Council Tax for the year for those dwellings in the area to which no special items relates, calculated in accordance with Section 34(2) of the Act, be **£180.87** (i.e. the Council Tax at Band D for Borough Council purposes).
10. That the amounts given by adding to the amount at 9 above, the amounts of the special items for those parts of the Council's area, calculated in accordance with Section 34(3) of the Act be as set out under Band D in Appendix D to this report (i.e. Council Tax at Band D for Borough and Parish Councils in each Parish or part of the Borough).
11. That the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands calculated in accordance with Section 36(1) of the Act, using as the base those amounts set out in 10 above, be as shown in Appendix D to the report.
12. That it be noted that for the year 2006/07 Durham County Council, Durham and Darlington Fire and Rescue Authority, and Durham Police Authority have stated the following amounts in the precept issued to the Council in accordance with Section 40 of the Act, for each of the categories of dwellings shown below:-

	A	B	C	D	E	F	G	H
Authority	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Durham County Council	644.94	752.43	859.92	967.41	1,182.39	1,397.37	1,612.35	1,934.82
Combined Fire Authority	51.36	59.92	68.48	77.04	94.16	111.28	128.40	154.08
Durham Police Authority	67.20	78.40	89.60	100.80	123.20	145.60	168.00	201.60

13. That, having calculated the aggregate in each case, of the amounts at 11 and 12 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the amounts shown at Appendix F as the amounts of Council Tax for the year 2006/07 for each of the categories of dwellings shown.
14. That the Director of Resources 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.
15. That the Director of Resources be authorised to nominate officers, from time to time, within the Resources Department, to conduct proceedings on behalf of the Council in connection with the implementation of 14 above.

16. That, in accordance with Part II of Schedule 1 of the Council Tax (Administration and Enforcement) Regulations 1992, the Council resolves that instalments of Council Tax due from Council house tenants, will be due on a weekly basis simultaneous with the rent.

Contact Officer: Brian Allen (Director of Resources)
Telephone No.: 01388-816166 ext. 4003
E-Mail Address: ballen@sedgefield.gov.uk

Background Papers:

1. Local Authority Finance Settlement 2006/07
2. Housing Subsidy Settlement 2006/07
3. Reports to Cabinet 12th January 2006 and 16th February 2006 – Budget Framework 2006/07
4. Local Government Finance Act 1992 and Associated Regulations
5. Local Government Finance Act 1988 and Associated Regulations
6. Local Government Act 2003 and Associated Regulations
7. Treasury Management Strategy 2006/07

EXAMINATION BY STATUTORY OFFICERS

	YES	NOT APPLICABLE
1. The report has been examined by the Council's Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Council's S151 Officer or his representative.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

CONSTITUTION PART 4(C)

BUDGET AND POLICY FRAMEWORK PROCEDURE RULES

In accordance with Paragraph 2(b) of the Budget and Policy Framework Procedure Rules, Cabinet is required to make recommendations to Council as its firm proposals for the Budget Framework 2006/2007.

At its meeting on 16th February 2006, Cabinet made the following recommendations:-:

1. That insofar as General Fund Services are concerned, the Budget Framework previously agreed by Cabinet on the 12th January 2006, be confirmed and as a consequence it is proposed that:
 - The net revenue budget is set at £14,045,480 for 2006/2007.
 - The increase in the Borough Council Tax be 3%, taking the Band D Tax from £175.60 to £180.87.
2. That insofar as the Housing Revenue Account is concerned, the Budget Framework previously agreed by Cabinet on the 12th January 2006, be confirmed and as a consequence it is proposed that:
 - A rent increase of 3.2% be applied to all basic and target rents, with effect from 3rd April 2006.
 - The Government's new rent re-structuring proposals are implemented to bring basic rents towards target rents at the maximum level of +£2 per week. This will have the impact of increasing the average rent on the Housing Revenue Account by 5%.
3. That insofar as the Capital Spending Programmes are concerned, the Budget Framework previously agreed by Cabinet on the 12th January 2006, be confirmed and as a consequence it is proposed that the Capital Programme be set at £15,650,000.

CAPITAL PROGRAMME 2006/07

PROPOSED TARGET SPENDING LIMITS

	£000	£000
HOUSING		
<i>Council Housing</i>	7,800	
<i>Private Sector Housing Renewal</i>	1,800	9,600
RESOURCE MANAGEMENT		
<i>ICT</i>	900	
<i>Offices and Depots</i>	330	1,230
REGENERATION		
<i>Special Provision for Regeneration Initiatives</i>	3,450	
<i>Economic Development</i>	300	
<i>Town Centres / Neighbourhood Renewal</i>	300	4,050
CULTURE AND RECREATION		
<i>Asset Management Plan Works in Leisure Centres</i>	450	
<i>Other Leisure Initiatives</i>	150	600
ENVIRONMENT		70
COMMUNITY SAFETY		75
SUPPORTING PEOPLE		25
		15,650

Note:-

- (1) The above table only shows the use of this Council's resources. The total level of capital spending will be substantially higher when external funding is taken into account - for example from Lottery Grant, Single Capital Programme Grant etc.

PARISH PRECEPTS

	<i>Precept 2005/06</i>	<i>Precept 2006/07</i>	<i>Increases</i>	
	£	£	£	%
Bishop Middleham	40,140	40,140	-	-
Bradbury	1,155	1,250	95	8.2
Chilton	167,306	172,910	5,604	3.3
Cornforth	63,000	66,000	3,000	4.8
Eldon	10,000	9,000	(1,000)	(10.0)
Ferryhill	524,340	549,910	25,570	4.9
Fishburn	55,000	58,000	3,000	5.5
Great Aycliffe	1,392,156	1,441,878	49,722	3.6
Middridge	3,500	4,000	500	14.3
Mordon	1,195	1,373	178	14.9
Sedgefield	194,700	202,007	7,307	3.8
Shildon	538,650	545,480	6,830	1.3
Spennymoor	1,032,549	1,079,014	46,465	4.5
Trimdon	96,790	96,790	-	-
Windlestone	500	500	-	-
	4,120,981	4,268,252	147,271	3.6

COUNCIL TAX

	<i>Band D Tax 2005/06</i>	<i>Band D Tax 2006/07</i>	<i>Increases</i>	
	£	£	£	%
Bishop Middleham	92.70	92.28	(0.42)	(0.5)
Bradbury	21.00	22.73	1.73	8.2
Chilton	149.11	153.15	4.04	2.7
Cornforth	86.30	91.67	5.37	6.2
Eldon	86.96	78.95	(8.01)	(9.2)
Ferryhill	172.71	182.21	9.50	5.5
Fishburn	76.07	80.67	4.60	6.0
Great Aycliffe	179.59	186.63	7.04	3.9
Middridge	27.34	31.25	3.91	14.3
Mordon	11.06	12.83	1.77	16.0
Sedgefield	104.40	107.45	3.05	2.9
Shildon	193.06	196.57	3.51	1.8
Spennymoor	177.96	185.24	7.28	4.1
Trimdon	73.21	73.10	(0.11)	(0.2)
Windlestone	5.10	5.10	-	-
Average	158.02	163.83	5.81	3.7

**COUNCIL TAX FOR BOROUGH AND PARISH COUNCILS
IN EACH PART OF THE BOROUGH**

IN ACCORDANCE WITH RECOMMENDATION 10 and 11

Council Tax Bands

A	B	C	D	E	F	G	H
6/9	7/9	8/9	1	11/9	13/9	15/9	18/9

Area	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Bishop Middleham	182.10	212.45	242.80	273.15	333.85	394.55	455.25	546.30
Bradbury	135.73	158.36	180.98	203.60	248.84	294.09	339.33	407.20
Chilton	222.68	259.79	296.91	334.02	408.25	482.47	556.70	668.04
Cornforth	181.69	211.98	242.26	272.54	333.10	393.67	454.23	545.08
Eldon	173.21	202.09	230.95	259.82	317.55	375.30	433.03	519.64
Ferryhill	242.05	282.40	322.74	363.08	443.76	524.45	605.13	726.16
Fishburn	174.36	203.42	232.48	261.54	319.66	377.78	435.90	523.08
Great Aycliffe	245.00	285.83	326.67	367.50	449.17	530.83	612.50	735.00
Middridge	141.41	164.98	188.55	212.12	259.26	306.40	353.53	424.24
Mordon	129.13	150.66	172.18	193.70	236.74	279.79	322.83	387.40
Sedgefield	192.21	224.25	256.28	288.32	352.39	416.46	480.53	576.64
Shildon	251.63	293.56	335.50	377.44	461.32	545.19	629.07	754.88
Spennymoor	244.07	284.75	325.43	366.11	447.47	528.83	610.18	732.22
Trimdon	169.31	197.53	225.75	253.97	310.41	366.85	423.28	507.94
Windlestone	123.98	144.64	165.31	185.97	227.30	268.62	309.95	371.94

COUNCIL TAX FOR EACH AUTHORITY 2006/07

<i>Council Tax Bands</i>								
	A 6/9	B 7/9	C 8/9	D 1	E 11/9	F 13/9	G 15/9	H 18/9
<i>Authority</i>	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Durham County Council	644.94	752.43	859.92	967.41	1,182.39	1,397.37	1,612.35	1,934.82
Combined Fire Authority	51.36	59.92	68.48	77.04	94.16	111.28	128.40	154.08
Durham Police Authority	67.20	78.40	89.60	100.80	123.20	145.60	168.00	201.60
Sedgefield Borough	120.58	140.68	160.77	180.87	221.06	261.26	301.45	361.74

Parish Element

Bishop Middleham	61.52	71.77	82.03	92.28	112.79	133.29	153.80	184.56
Bradbury	15.15	17.68	20.20	22.73	27.78	32.83	37.88	45.46
Chilton	102.10	119.12	136.13	153.15	187.18	221.22	255.25	306.30
Cornforth	61.11	71.30	81.48	91.67	112.04	132.41	152.78	183.34
Eldon	52.63	61.41	70.18	78.95	96.49	114.04	131.58	157.90
Ferryhill	121.47	141.72	161.96	182.21	222.70	263.19	303.68	364.42
Fishburn	53.78	62.74	71.71	80.67	98.60	116.52	134.45	161.34
Great Aycliffe	124.42	145.16	165.89	186.63	228.10	269.58	311.05	373.26
Middridge	20.83	24.31	27.78	31.25	38.19	45.14	52.08	62.50
Mordon	8.55	9.98	11.40	12.83	15.68	18.53	21.38	25.66
Sedgefield	71.63	83.57	95.51	107.45	131.33	155.21	179.08	214.90
Shildon	131.05	152.89	174.73	196.57	240.25	283.93	327.62	393.14
Spennymoor	123.49	144.08	164.66	185.24	226.40	267.57	308.73	370.48
Trimdon	48.73	56.86	64.98	73.10	89.34	105.59	121.83	146.20
Windlestone	3.40	3.97	4.53	5.10	6.23	7.37	8.50	10.20

**TOTAL COUNCIL TAX 2006/07
IN EACH PART OF THE BOROUGH**

IN ACCORDANCE WITH RECOMMENDATION 13

<i>Council Tax Bands</i>								
<i>Authority</i>	<i>A 6/9</i>	<i>B 7/9</i>	<i>C 8/9</i>	<i>D 1</i>	<i>E 11/9</i>	<i>F 13/9</i>	<i>G 15/9</i>	<i>H 18/9</i>
	<i>£ p</i>	<i>£ p</i>	<i>£ p</i>	<i>£ p</i>	<i>£ p</i>	<i>£ p</i>	<i>£ p</i>	<i>£ p</i>
Bishop Middleham	945.60	1,103.20	1,260.80	1,418.40	1,733.60	2,048.80	2,364.00	2,836.80
Bradbury	899.23	1,049.11	1,198.97	1,348.85	1,648.59	1,948.34	2,248.08	2,697.70
Chilton	986.18	1,150.55	1,314.90	1,479.27	1,807.99	2,136.73	2,465.45	2,958.54
Cornforth	945.19	1,102.73	1,260.25	1,417.79	1,732.85	2,047.92	2,362.98	2,835.58
Eldon	936.71	1,092.84	1,248.95	1,405.07	1,717.30	2,029.55	2,341.78	2,810.14
Ferryhill	1,005.55	1,173.15	1,340.73	1,508.33	1,843.51	2,178.70	2,513.88	3,016.66
Fishburn	937.86	1,094.17	1,250.48	1,406.79	1,719.41	2,032.03	2,344.65	2,813.58
Great Aycliffe	1,008.50	1,176.59	1,344.66	1,512.75	1,848.91	2,185.09	2,521.25	3,025.50
Middridge	904.91	1,055.74	1,206.55	1,357.37	1,659.00	1,960.65	2,262.28	2,714.74
Mordon	892.63	1,041.41	1,190.17	1,338.95	1,636.49	1,934.04	2,231.58	2,677.90
Sedgefield	955.71	1,115.00	1,274.28	1,433.57	1,752.14	2,070.72	2,389.28	2,867.14
Shildon	1,015.13	1,184.32	1,353.50	1,522.69	1,861.06	2,199.44	2,537.82	3,045.38
Spennymoor	1,007.57	1,175.51	1,343.43	1,511.36	1,847.21	2,183.08	2,518.93	3,022.72
Trimdon	932.81	1,088.29	1,243.75	1,399.22	1,710.15	2,021.10	2,332.03	2,798.44
Windlestone	887.48	1,035.40	1,183.30	1,331.22	1,627.04	1,922.88	2,218.70	2,662.44

COUNCIL TAX CHANGES 2005/06 TO 2006/07

<i>Band D Changes by Individual Authorities</i>						
	<i>2005/06</i>		<i>2006/07</i>		<i>Change</i>	
	<i>£</i>	<i>p</i>	<i>£</i>	<i>p</i>	<i>£</i>	<i>p</i>
Durham County Council	924.84		967.41		42.57	
Combined Fire Authority	73.44		77.04		3.60	
Durham Police Authority	96.03		100.80		4.77	
Sedgefield Borough	175.60		180.87		5.27	
Parish Councils *	158.02		163.83		5.81	
	1,427.93		1,489.95		62.02	
					4.3	

** Average of all Parish and Town Councils
(Total Parish Precept divided by Total Tax Base)*

Item 6

REPORT TO COUNCIL

24TH FEBRUARY 2006

REPORT OF DIRECTOR OF RESOURCES

Portfolio: RESOURCE MANAGEMENT

TREASURY MANAGEMENT STRATEGY 2006/07

1.0 SUMMARY

1.1 The Treasury Management function covers the borrowing and investment activities of the Council and the effective management of associated risks in relation to these activities. This report outlines the strategy to be followed by the Council over the medium term in relation to its Treasury Management activities and takes into account guidance on investments issued by the ODPM, and the Prudential Code for Capital Finance in Local Authorities.

2.0 RECOMMENDATIONS

- 2.1 Following consideration of the issues set out in this report it is recommended that Council: -
- Approve the Treasury Management Strategy 2006/07;
 - Approve the Investment Strategy 2006/07;
 - Adopt the Prudential Indicators and Limits 2006/07 to 2008/09;
 - Approve the 'Authorised Limit' for borrowing as shown in Appendix A.

3.0 TREASURY MANAGEMENT STRATEGY 2006/07

Background

- 3.1 The Treasury Management Service is an important part of the overall financial management of the Council's affairs. Its importance has increased as a result of the publication of the Prudential Code for Capital Finance in Local Authorities by the Chartered Institute of Public Finance and Accountancy.
- 3.2 Treasury Management activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). The Council initially adopted a Local Code of Treasury Management Activities in December 2002, subsequently revised by Council in September 2005, taking into account the Code of Practice and as a result adopted a Treasury Management Policy Statement. This adoption complies with one of the requirements of the CIPFA Code of Practice.
- 3.3 The Council's Constitution requires an annual strategy to be reported to the Council outlining the expected Treasury activity prior to commencement of the new year. A further report will be produced after the year-end showing the actual activity for the previous financial year.

- 3.4 A key requirement is to explain both the risks, and the management of the risks, associated with the Treasury Management activities.

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 ODPM guidance).
- Local Treasury Management Indicators. (set out in Appendix A)

Current Treasury Position

- 3.5 The Council's detailed Treasury position is highlighted in the following table:-

<i>Actual</i>	<i>Actual 31.03.05 £m</i>	<i>Average Rate %</i>	<i>Estimate 31.03.06 £m</i>	<i>Average Rate %</i>
FIXED RATE DEBT				
Public Works Loan Board				
Annuity	2.56	8.60	0.98	7.22
Maturity	15.93	7.16	17.37	6.33
Other Loans				
Annuity	0.49	8.29	0.33	7.80
	18.98	7.39	18.68	6.40
INVESTMENTS				
Various Banks & Building Societies	(14.59)		(25.00)	
NET BORROWING	4.39		(6.32)	

- 3.6 As the above table shows, loan debt is expected to fall slightly during the current year from £18.98m to £18.68m but significantly the average rate of interest on that debt is anticipated to fall by around 1% as a result of some significant and timely debt rescheduling.

Expected Movement in Interest Rates

- 3.7 The Council employs Butlers as its Treasury Management Consultants, to advise on the Treasury Strategy, to provide economic data and interest rate forecasts, to assist in planning and reduce the impact of unforeseen adverse interest rate movements.
- 3.8 In Butlers view, a return to below 2% inflation is anticipated in the relatively near future, as a result of reduction in raw material costs. However, this fall is not expected to be sufficient to deliver a sharper drop in prices, nor a major change in Government monetary policy.

- 3.9 The key factor in the economy and the consequences for inflation is the behaviour of consumers' expenditure in the closing stages of 2005. Initial evidence suggests that there was some recovery in consumer spending but not of a scale to remove prospects of an interest rate cut in 2006.
- 3.10 As a result of the above economic forecast, Butlers see the expected movement in interest rates as follows:-

	<i>Average Base Rate (%)</i>
2004/05 (Actual)	4.6
2005/06	4.6
2006/07	4.3
2007/08	4.5
2008/09	4.8

This anticipates that the current Bank of England base rate, which stands at 4.5% (and has been at that level since August 2005) will fall to 4.25% before the end of March 2006. They are expected to remain at this level before returning to the 4.5% level in the closing stages of 2006/07.

Borrowing and Debt Strategy

- 3.13 The Prudential Code frees Local Authorities from central controls over the level of their borrowings. Previously, borrowing allocations issued by Government were used to control each authority. In recent years the Council has not needed to incur additional borrowing to finance the capital programme, instead utilising capital receipts, external grants and contributions and funding directly from revenue. However, the introduction of the Prudential Code creates an opportunity to consider alternative means of funding the capital programme, as long as they are affordable, prudent and sustainable.
- 3.14 Any financing costs of increased borrowing or leasing will have to be met within existing revenue budgets and therefore the Council will need to continue to take a prudent and cautious approach to its borrowing and debt strategy. This will include taking advice on the movement in interest rates and the relative costs of the alternative forms of capital financing.
- 3.15 Debt restructuring opportunities will continue to be examined to reduce the Councils long term financing costs. Rates will be continually monitored throughout the year in order to take advantage of any opportunity in favourable movements.

Investment Strategy 2006/07

- 3.16 The ODPM issued investment guidance in March 2004 which applies to the financial year 2004/05 onwards. In common with the relaxation of borrowing controls in the prudential system, the more flexible guidance replaces the former detailed prescriptive regulations.
- 3.17 The key intention of the guidance is to maintain the current requirement for Councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the guidance requires the

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 in December 2002, subsequently revised by Council in September 2005, and will apply its principles to all investment activity.

- 3.18 This annual investment strategy states which investments the Council may use for the prudent management of its balances during the financial year under the heading of specified and non-specified investments. These are explained and listed in Appendix B along with proposed criteria for specified and non-specified investments.
- 3.19 The credit rating of counterparties (banks and institutions that the Council is prepared to invest in) will be monitored on a regular basis. The Council receives credit rating advice from Butlers on a daily basis and when ratings change, and counterparties are reviewed on an ongoing basis.
- 3.20 In the normal course of the Council's cashflow it is expected that both specified and non-specified investments will be utilised as both categories allow for short term investments. The Council will maintain a minimum of £5m of investments in specified investments to provide it with the flexibility to meet any short term cash outflows.
- 3.21 The use of longer term investments (greater than 364 days) will fall in the non-specified investment category. These instruments will only be used when the Council's investment requirements are safeguarded and therefore only organisations with a high security rating will be used for these investments.

Risk Issues

- 3.22 Expectations are that shorter term interest rates, on which investment decisions are based, will remain relatively stable during 2006/07. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and Butlers own forecasts. It is likely that investment decisions will be for longer periods with fixed investment rates to lock into good value and security of return. The Director of Resources, using 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 above.

Local Treasury Management Indicators

- 3.23 The Local Code requires the Council to set performance indicators to assess the adequacy of the Treasury Management function over the next three years. These are distinct historic indicators, as opposed to the Prudential Indicators, which are predominantly forward looking.

	2006/07 %	2007/08 %	2008/09 %
DEBT			
Average Rate Movement Year on Year	- 0.2	- 0.2	- 0.2
INVESTMENTS			
Return compared with the 7 day LIBID Rate	+ 0.1	+ 0.1	+ 0.1

- 3.24 In effect, what these performance indicators mean is that we plan to manage our affairs so that the average rate of interest paid on external borrowings will fall by 0.2% per annum over the next three years, whilst our investment returns will exceed the industry standard benchmark (the 7 day LIBID rate) by 0.1%. Actual performance against these indicators will be reported in the respective Annual Reports for those years.

Prudential Indicators and Limits 2006/07 to 2008/09

- 3.25 The Prudential Code sets out a framework of self-regulation of capital spending, in effect allowing Councils to invest in capital projects as long as they are affordable, prudent and sustainable. The Prudential Code came into force in 2004/05.
- 3.26 In general terms, the Council complies with the Prudential Code by:
- Having medium term plans (Medium Term Financial Plan, Corporate Capital Strategy, Revenue and Capital Budgets);
 - Having plans to achieve sound capital investment (Capital Strategies, Capital Project Appraisals and Asset Management Plans);
 - Complying with the Treasury Management Code of Practice.
- 3.27 To support capital investment decisions the Prudential Code requires the Council to agree and monitor a number of Prudential Indicators. The purpose of the indicators is to provide a framework for capital expenditure controls. It highlights through the indicators the level of capital expenditure, the impact on borrowing and investment levels and the overall controls in place to ensure that spending remains affordable, prudent and sustainable.

The specific indicators that Council is asked to approve are shown in Appendix A alongside the Treasury Management Indicators.

4.0 RESOURCE IMPLICATIONS

- 4.1 The financial implications have been summarised at each stage of this report and have been taken into account in the preparation of the Budget Framework 2006/07 and the Medium Term Financial Plan 2006/07 to 2008/09.

5.0 CONSULTATION

- 5.1 Consultation on the spending proposals contained in the Budget Framework 2006/07 has been comprehensive, which includes involvement of the Council's Overview and Scrutiny Committees. The Council Taxpayer's Forum and Tenants Focus Group have also been consulted on proposals contained in the Budget Framework 2006/07. The Council's treasury consultants have also been consulted in the preparation of this Treasury Strategy.

6.0 OTHER MATERIAL CONSIDERATIONS

6.1 Links to Corporate Objectives/Values

The proposals contained in the report support the Council's corporate value of being responsible with and accountable for public finances. The Council's Treasury Management Strategy supports the effective management of its debt and investment portfolio within a framework that ensures that it is responsible for public finances. The reporting of this strategy and the requirement to obtain formal approval for its implementation demonstrates accountability.

6.2 Risk Management

Treasury management activities are comprehensively governed by professional codes of practice and regulations surrounding borrowing and debt management. The Council approved a revised code of treasury management practices in September 2005, which provides full details of how risk is assessed, managed and mitigated. In particular, Treasury Management Practice 1 (TMP1) deals specifically with the design, implementation, and monitoring of arrangements for identification, management and control of treasury management risk, which will govern the implementation of this strategy.

6.3 Health and Safety

There are no significant health and safety implications arising from this report.

6.4 Equality and Diversity

There are no significant equality and diversity issues arising from this report.

6.5 Legal and Constitutional

Arrangements surrounding the management and reporting of the Council's treasury management activities are contained in the Council's constitution and this report complies with those requirements. No new implications are identified in this report.

7.0 OVERVIEW AND SCRUTINY IMPLICATIONS

7.1 As mentioned above, full consultation and engagement on the Council's budget proposals has been made with all three Overview and Scrutiny Committees.

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BACKGROUND PAPERS

1. CIPFA Code of Practice on Treasury Management.
2. Local Code of Treasury Management Activities – Report to Council, December 2002
3. Prudential Code for Capital Finance in Local Authorities.
4. Review of the Local Code of Treasury Management Practice – Report to Council, 30.09. 2005
5. Budget Framework 2006/07 – Report to Cabinet 12.01.2006.

EXAMINATION BY STATUTORY OFFICERS

	YES	NOT APPLICABLE
1. The report has been examined by the Council's Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Council's S151 Officer or his representative.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

TREASURY MANAGEMENT INDICATORS

The purpose of these Prudential Indicators is to contain the activity of the Treasury Management function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions, impacting negatively on the Council's overall financial position. Four Prudential Indicators are required under this category:-

Upper Limits on Fixed Interest Rate Exposure

This indicator provides the range within which the authority will manage its exposure to fixed rates of interest.

Upper Limits on Variable Interest Rate Exposure

This indicator provides the range within which the authority will manage its exposure to variable rates of interest.

Maturity Structure of Fixed Borrowing

This indicator measures the amount of fixed rate borrowing maturing at each period expressed as a percentage of total borrowing at fixed rate at the start of each period.

Maximum Principal Sums Invested for more than 1 year

The purpose of this indicator is to contain the exposure to the possibility that loss might arise as a result of seeking early repayment or redemption of sums invested, or exposing public funds to unnecessary or unquantified risk.

The Council is asked to approve these indicators, which have been calculated as follows:

<i>Treasury Indicators</i>	<i>2006/07 to 2008/09 % of debt</i>
Upper Limits on Fixed Interest Rates	100
Upper Limits on Variable Interest Rates	50
Maturity Structure of Fixed Borrowing	
Under 12 months	50
12 months to 2 years	50
2 years to 5 years	50
5 years to 10 years	50
10 years and above	100
Upper Limit on Principal Sums Invested for more than 1 year	75

CAPITAL EXPENDITURE AND THE CAPITAL FINANCING REQUIREMENT

Capital Expenditure

This indicator shows the overall capital spending plans of the Council over the medium term and reflects planned investment levels in line with the Medium Term Financial Plan. The actual capital expenditure that was incurred in 2004/05 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

<i>Capital Expenditure</i>	<i>2004/05 Actual</i>	<i>2005/06 Est Outturn</i>	<i>2006/07 Budget</i>	<i>2007/08 Estimated</i>	<i>2008/09 Estimated</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Housing	8,569	7,000	7,800	7,800	7,200
Non-Housing	3,395	12,803	7,850	8,000	8,000
Total	11,964	19,803	15,650	15,800	15,300

Capital Financing Requirement (CFR)

This figure represents the Council's underlying need to borrow for a capital purpose, and the change year on year will be influenced by the capital expenditure in the year and how much of this is supported directly through grants, contributions and capital receipts. The CFR is essentially a replacement of the current 'credit ceiling' mechanism, which is also a measure of underlying borrowing need.

The Council's expectations of the CFR in the next three years that Council is asked to approve are as follows:

<i>Capital Financing Requirement</i>	<i>2004/05 Actual</i>	<i>2005/06 Est Outturn</i>	<i>2006/07 Budget</i>	<i>2007/08 Estimated</i>	<i>2008/09 Estimated</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Housing	9,043	9,714	9,927	10,140	10,340
Non-Housing	10,178	9,771	9,380	9,005	8,645
Total CFR	19,221	19,485	19,307	19,145	18,985

LIMITS TO BORROWING ACTIVITY

Net Borrowing

The first key control over the Council's activity is to ensure that over the medium term net borrowing will only be for a capital purpose. The Council needs to ensure that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional capital financing requirement for the following three years.

Notwithstanding the above, there is currently a gap between the CFR and Gross Borrowing and the Director of Resources will consider limited borrowing opportunities within this narrow band where it is in the Council's financial interests.

The Council is asked to approve the following borrowing limits, which take into account current commitments, existing plans and the proposals in the Budget Framework:-

<i>Net Borrowing</i>	<i>2004/05 Actual</i>	<i>2005/06 Est Outturn</i>	<i>2006/07 Budget</i>	<i>2007/08 Estimated</i>	<i>2008/09 Estimated</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Gross Borrowing	18.980	18.680	18.640	18.600	18.556
Investments	(14.590)	(25.000)	(20.000)*	(28.000)	(27.000)
Net Borrowing	4.390	(6.320)	(1.360)	(9.400)	(8.444)

* in accordance with the risk assessment of the Budget Framework 2006/07, no budgetary provision has been made for significant capital receipts arising from housing land sales in 2006/07 that would lead to additional investment income in that year. Investments held at the end of 2006/07 therefore show a reduction reflecting the use of existing 'earmarked housing capital receipts' to finance special regeneration initiatives during the year.

A further two prudential indicators control the overall level of borrowing: **Authorised Limit** and the **Operational Boundary**. These limits separately identify borrowing from other long-term liabilities such as finance leases.

Authorised Limit

This represents the limit beyond which borrowing is prohibited and 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 a statutory limit that the Council must determine in accordance with Section 3(1) of the Local Government Act 2003.

The Council is asked to approve the following authorised limits:

<i>Authorised Limit</i>	<i>2004/05 Actual</i>	<i>2005/06 Est Outturn</i>	<i>2006/07 Budget</i>	<i>2007/08 Estimated</i>	<i>2008/09 Estimated</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Borrowing	30,000	30,000	30,000	30,000	30,000
Long Term Liabilities	-	-	-	-	-
Total	30,000	30,000	30,000	30,000	30,000

Operational Boundary

This indicator is based on the probable 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. It should act as an indicator to ensure that the authorised limit is not breached.

The Council is asked to approve the following operational limits:

<i>Operational Boundary</i>	<i>2004/05 Actual</i>	<i>2005/06 Est Outturn</i>	<i>2006/07 Budget</i>	<i>2007/08 Estimated</i>	<i>2008/09 Estimated</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Borrowing	22,000	22,000	22,000	22,000	22,000
Long Term Liabilities	-	-	-	-	-
Total	22,000	22,000	22,000	22,000	22,000

AFFORDABILITY PRUDENTIAL INDICATORS

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

The Council is asked to approve the following indicators:

Ratio of Financing Costs to Net Revenue Stream

This indicator expresses the amount of interest payable on external debt and other debt management expenses (i.e. financing costs) as a proportion of the amount of income received from Government and local taxpayers (i.e. net revenue stream). The definition of net revenue stream for the HRA is based on the statutory definition which incorporates charges to the account under Part 4 of the Local Government and Housing Act 1989.

<i>Financing Costs to Net Revenue Stream</i>	<i>2004/05 Actual</i>	<i>2005/06 Est Outturn</i>	<i>2006/07 Budget</i>	<i>2007/08 Estimated</i>	<i>2008/09 Estimated</i>
Housing	31.9%	32.4%	49.0%	46.7%	46.1%
Non-Housing	5.6%	-1.0%	-2.2%	-1.8%	-1.4%

Incremental Impact of Capital Investment Decisions on Council Tax and Housing Rents

As the Council's capital programme is financed by Government allocations, external funding from partners, and from the Council's own resources, such as capital receipts, there is no requirement for the Council to borrowing to finance its capital investment over the medium term. As a consequence there are no additional financing charges to be absorbed by both the General Fund and Housing Revenue Accounts over this period. This is reflected in the following two indicators, which show the impact on Council Tax and Housing Rents.

This indicator identifies the impact of the Council's General Fund Capital Programme on revenue budgets and is expressed in terms of Band D Council Tax.

<i>Incremental Impact of Capital Programme</i>	<i>2006/07 Proposed Budget</i>	<i>2007/08 Projection</i>	<i>2008/09 Projection</i>
Council Tax at Band D	£0.00	£0.00	£0.00

Similar to the Council Tax calculation this indicator identifies the impact of the Housing Capital Programme on revenue budgets, expressed in terms of weekly rent levels.

<i>Incremental Impact of Capital Programme</i>	<i>2006/07 Proposed Budget</i>	<i>2007/08 Projection</i>	<i>2008/09 Projection</i>
Weekly Housing Rent	£0.00	£0.00	£0.00

ANNUAL INVESTMENT STRATEGY
Schedule of Specified and Non-Specified Investments

Specified Investments

These investments are sterling dominated of not more than one-year in maturity, or those which could be for a longer period but where the Council has a right to be paid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is negligible.

Specified Investment Category	Credit Rating	Max Period
UK Government – including Debt management Office, UK Treasury Bills or gilts with less than one year to maturity	High security. No Credit rating criteria needed.	1 year
Supranational Bonds – 1) issued by a financial institution that is guaranteed by the UK 2) multi lateral development bank bonds aimed at economic development (e.g. European Investment Bank)	High security. No Credit rating criteria needed	1 year
Local Authority, Parish or Community Council	High security. No Credit rating criteria needed	1 year
Money Market Funds (Investment Schemes)	AAA rating by Fitch, Moody's and Standard and Poors	1 year
Highly Credit Rated Body – investments made with a bank/building society from the Council's counterparty list	Short term rating of at least F1 (or equivalent)	1 year

Non - Specified Investments

Non –specified investments are any other type of investment (i.e. not defined as specified investments 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 Investment Category	Limit (£)
Supranational Bonds greater than 1 year to maturity – 1) issued by a financial institution that is guaranteed by the UK 2) multi lateral development bank bonds aimed at economic development (e.g. European Investment Bank)	£15m
Gilt edged securities greater than 1 year to maturity – Government bonds providing the highest level of security.	£15m
Building Societies not meeting the basic security requirements under the specified investments – the Council may use such building societies which have a minimum asset size of £200m .	£15m
Any Bank or Building Society that has a minimum long term credit rating of A- for deposits of greater than one year (including forward deals in excess of one year from inception to repayment)	£15m
Any Non rated subsidiary of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to a guarantee from the parent company.	£3m
Share capital or loan capital in a body corporate – the use of these instruments will count as capital expenditure and will be an application of capital resources. Revenue resources will not be invested in corporate bodies.	£3m

Item 7

REPORT TO COUNCIL

24TH FEBRUARY 2006

REPORT OF CHIEF EXECUTIVE OFFICER

ARRANGEMENTS FOR REVIEW OF THE CONSTITUTION

1. SUMMARY

- 1.1 The Council's Constitution was adopted on the 24th May 2002 as part of the Council's approach to implementing the Local Government Act 2000. A number of reviews have taken place.
- 1.2 The Constitution itself must necessarily be kept under regular review so as to ensure that it reflects existing law and its operation continues to provide an efficient and effective framework for delivering the Council's aims and objectives. This report is a further review for the purposes of Article 15 of the Constitution.
- 1.3 The recommendations in this report, based on advice from the Council's Monitoring Officer, and following meetings of the Constitutional Review Group, reflect those areas where it is considered appropriate to make some further changes, viz:
 - a) Changes resulting from the Cabinet decision taken on 19th January 2006 on Indemnities for Members and Officers: Impact of the Local Authorities (Indemnities for Members and Officers) Order 2004 Report of the Solicitor to the Council and Monitoring Officer.
 - b) Changes resulting from the decision of Cabinet on 2nd February 2006 considered at Standards Committee on 9th February 2006, forthcoming Comprehensive Performance Assessment, Key Lines of Enquiry, Corporate Governance Inspection implications for Standards and Ethics, the Standards Committee and Member Training – Taking the Ethics Agenda Forward: Report of the Solicitor to the Council and Monitoring Officer.
 - c) Request for changes from the Neighbourhood Services Department (Environmental Health) resulting from legislative changes.
 - d) Request for changes from the Neighbourhood Services Department (Planning Division) relating to proposed operational changes.

Specific details are shown in the attached schedule.

2. RECOMMENDATIONS

- 2.1 That the Council approves the amendments set out in the Appendix and directs the Council's Monitoring Officer:
- (a) to amend the Constitution accordingly and make all necessary and consequential amendments; and
 - (b) to publish an amended version on the Council's website.

3. BACKGROUND

- 3.1 Work has already begun in reviewing the Constitution. A number of officers have formed a Constitutional Review Group, headed by the Monitoring Officer, and its purpose is to consider proposals for change with a view to reflecting the law and improving the efficiency of decision-taking within the authority.
- 3.2 Previous reviews are identified in the list of background papers accompanying this Report.

4. LEGAL IMPLICATIONS

- 4.1 It is intended that the changes shown in the Appendix shall have immediate effect.
- 4.2 The principal changes are referred to in paragraph 1.3 above.

5. CONSULTATIONS

- 5.1 Standards Committee have been consulted on this report and their views taken into consideration. The Report will go to Council for approval on 24th February 2006.
- 5.2 All Departments of the Council have been consulted with regard to the amendments suggested in this report. Management Team considered the report on 30th January 2006.
- 5.3 All approved changes have been forwarded to the Standards Committee and any comments received reflected in future constitutional reviews.
- 5.4 Further reports will follow to explain the implications of the changes to members' roles arising from this report.

Contact Officer: D.A. Hall, Solicitor and Monitoring Officer
Telephone No: (01388) 816166, Ext. 4268
Email Address: dahall@sedgefield.gov.uk

Ward(s)

Key Decision Validation

Background Papers

Reports:

- Council - 16th May 2003
- Council - 26th June 2003
- Standards Committee - 4th November 2003
- Council - 26th November 2003
- Council - 21st May 2004
- Cabinet - 25th November 2004
- Council - 25th February 2005
- Standards Committee - 3rd November 2005
- Council - 25th November 2005
- Standards Committee - 9th February 2006

Regulations/Legislation:

Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Council's Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Council's S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>

PROPOSED CHANGES FOR COUNCIL APPROVAL – 24TH FEBRUARY 2006*Amendments shown in bold print*

Page Reference and Proposed Amendment	Basis for Change
<u>Page 51</u> To add at Page 51 New Area of Responsibility for Cabinet Member for Resource Management: Lead Member on Standards and Ethics	Report to Cabinet of the Solicitor to the Council and Monitoring Officer 2nd February 2006, to Standards Committee 9th February 2006
<u>Page 60</u> To add new CE58: Delegation of decisions under the Re-use of Public Sector Information Regulations 2005 to the Customer Relations Manager in consultation with the Solicitor to the Council	Statutory Instrument 1515 of 2005: Report to Cabinet 2nd February 2006: Report of the Chief Executive Officer and Solicitor to the Council
<u>Page 64</u> R21 Insurances: Responsibility for making appropriate insurance arrangements for Members and Officers under the Local Authorities (Indemnities for Members and Officers) Order 2004	Statutory Regulations and Cabinet Report 2nd February 2006: Report of the Solicitor to the Council and Monitoring Officer
<u>Page 67</u> Neighbourhood Services (Planning): NS1 to add under Proper/Designated Officer "Principal Development Control Manager"	Request by Head of Planning Services
<u>Page 74</u> NS49: Administration of GIS System and associated ordnance survey matters: Proper Officer to be the Forward Planning Officer and Geographical Information Services Officer Subsequent NS numbers to be re-numbered	Request of Head of Planning Service Consequential upon above

<p><u>Page 80</u> Neighbourhood Services Department/Environmental Services to add after Food Act 1990 the words “as amended” and to be followed by “the European Communities Act 1972”</p>	<p>Request by Inspection and Licensing Services Manager</p>
<p><u>Page 82</u> NS72 to add “the grant of permits for commercial amusements with prizes on alcohol licensed premises”</p>	<p>Request by Inspection and Licensing Services Manager (The Gambling Provisions of the Licensing Act 2003 refer)</p>
<p><u>Page 84</u> To add after the words “with prizes’ permits” the following words “including prizes gaming machines (AWP machines) on alcohol licensed premises. The authorisation of low-stake gaming on alcohol licensed premises”</p>	<p>Request by Inspection and Licensing Services Manager (The Gambling Provisions of the Licensing Act 2003 refer)</p>

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Item 8

REPORT TO COUNCIL

24TH FEBRUARY 2006

REPORT OF SOLICITOR TO THE COUNCIL AND MONITORING OFFICER

SUMMARY OF CHANGES TO STANDARDS ARRANGEMENTS: “STANDARDS OF CONDUCT IN ENGLISH LOCAL GOVERNMENT: THE FUTURE – DECEMBER 2005”

1. SUMMARY

- 1.1 This report summarises the recently published discussion paper by the Government, “Standards of Conduct in English Local Government: the future – December 2005”. It sets out a vision and regime for the future, dramatically changing the roles of the Standards Board, Local Standards Committees and duties of the Monitoring Officer.
- 1.2 The vision for the future regime responds to a series of recent recommendations, reviews and consultations relevant to conduct in local Government, incorporating the Government’s response to Chapter 3 of the tenth report of the Committee on Standards in Public Life (Graham Committee) and the report published by the ODPM Select Committee: “The Role and Effectiveness of the Standards Board for England”.
- 1.3 The vision is for the different elements of the conduct regime, for example, the Members’ Code of Conduct, the Standards Board and Local Standards Committees to work effectively together and be integrated as a whole.

2. RECOMMENDATION

- 2.1 That full Council be appraised of the report; that both the Leader and the Chief Executive raise concerns via national bodies about the lack of proposals for additional public funding for the transfer of responsibilities from the Standards Board to local authorities.

3. DETAIL

- 3.1 **Local Code of Conduct:** The Government’s response to these recommendations reflects the fact, as noted by the Graham Committee, that English local Government has a strong record of high standards of conduct and the aim is to maintain and improve this standard.

- 3.2 The Government responded positively to the recommendations aimed at the Members Code of Conduct confirming the need to:
- Make the code clearer and simpler but still maintain a rigorous approach to serious misconduct.
 - Amend the regime for declaring interests and speaking at council meetings.
 - Make changes to the arrangements for determining whether conduct in private life should fall within the ambit of the code.
 - Amend the rules on the reporting of allegations to reduce the number of vexatious complaints by making a simpler and more proportionate document.
- 3.3 The Government further commented on the need for a clearer balance to be set between the need for an authority to protect confidential information and the rights of Member's to make information available in the public interest. This is in the light of the Freedom of Information Act.
- 3.4 It has been confirmed that clarification is to be sought in relation to bullying and the Code of Conduct. The recommendation is that a specific provision should be added into the Code to clarify that bullying behaviour constitutes a breach of the Code and that it should "play no part in the local Government world".
- 3.5 **Standards Committees:** The Government's view is that there will be considerable benefits in the introduction of a more localised decision-making process. However, in order to ensure the independence and thoroughness of such a system there is a fundamental need to encourage the building up of the capacity and capability of the Standards Committee to undertake their new role.
- 3.6 The Standards Committee will be at the heart of the decision-making regime; the initial assessment of all allegations of misconduct will be conducted by the Standards Committee and no longer by the Standards Board.
- 3.7 The Monitoring Officer will undertake investigation of most allegations and the Standards Committee will make determination on most cases. Although, the most serious cases will be referred back to the Standards Board for investigation.
- 3.8 The idea behind a more locally based regime is to provide an appropriate way for local knowledge of the authority and its Members to be intertwined into the decision-making process. Subsequently, this will allow the skills and the experience of the Monitoring Officer to be used more effectively and allow the opportunity to identify politically inspired or vexatious complaints.

- 3.9 The Government accepts the recommendation that all Standards Committees should have an independent chair, thus changing the composition of the Committee. However, the Standards Committee is not required to consist of a majority of independent Members but the Members must reflect a balance of experience.
- 3.10 The Standards Committee will continue to include Parish Members where appropriate in its Committee, so that Parish interests continue to be represented.
- 3.11 New provisions will be put in place to allow Standards Committees to impose higher penalties in order to reflect the need to address the more serious cases.
- 3.12 **Standards Board for England:** Due to the localisation of decision-making there is a consequential effect on the role carried out by the Standards Board. Currently 50% of cases are referred for investigation and determination at a local level and the aim is to continue and increase the number of cases referred for local action. A revised conduct regime is to develop out of trends already under way.
- 3.13 The changes will mean the evolution of the Standards Board into “a strategic, arms length body dealing only with the most serious cases nationally”. The Board will develop a specific role that will support, advise and guide local authorities.
- 3.14 The Standards Board will define exactly what will be expected of the standards regime including the roles of the Monitoring Officer and the Standards Committee.
- 3.15 Arrangements are to be put in place for Standards Committees to report to the Board on how they are undertaking their new role. Suggestions for these arrangements include the submission of annual reports to the Board or for the Board to take a risk-based approach to ensure Standards Committees are acting effectively with particular focus on perceived poor performers.
- 3.16 It is intended that where a Standards Committee is not acting in the public interest, the Board will intervene to withdraw the Committees’ powers, resulting in the referral of the case back to the Board. However, it is stressed that there is a need for clear guidelines and criteria in order to remove an authority’s powers.
- 3.17 The Board will set out a framework of training requirements, producing guidance material to trainers, setting minimum requirements for Monitoring Officers and Standards Committees and supporting self-assessment by authorities in order to prevent misconduct happening in the first place.

- 3.18 All the above recommendations require changes to both secondary and primary legislation. The Standards Board has commented that the timescale for which legislation will be in place for a local filtering system is not liable to happen until 2008, subject to the views and debate, which arise from this discussion paper. The intention is to seek primary legislation at the next opportunity as Parliamentary time allows.
- 3.19 A number of the proposals can be implemented in quicker time through secondary legislation. The Government has said that it will “look to make the changes as soon as is practicable”. However, the idea is to provide for a phased introduction of the measures and a realistic timetable is to be agreed with stakeholders to implement the adopted changes.
- 3.20 Significantly, changes to the Code of Conduct may be implemented from May 2006.
- 3.21 **Effects the Changes will have on Local Authorities:** The Government has highlighted the fact that local decision-making will increase the workload of some authorities, particular District Councils with large numbers of Parishes. The Standards Board has therefore proposed allowing Standards Committees to combine, for example, to have countywide Committees to assess Parish cases, resulting in the burden being shared between authorities.
- 3.22 By increasing the contribution made by independent Members on Standards Committees, there is the concern about variability of capacity and experience of such Members. It has been expressed that already some authorities are having difficulty in recruiting sufficient numbers. Consequently, the requirement for more Members to be independent will mean these difficulties will deepen.
- 3.23 The Government appreciates the benefits there will be for authorities to work closely together, for example to share information or share Monitoring Officers’ services. The intention is for the Government to liaise with the Standards Board to consider the most effective way to promote joint working and cooperation and whether a statutory requirement should be imposed in order for Standards Committees to cooperate or even a requirement for them to work together jointly.

4. RESOURCE IMPLICATIONS

- 4.1 No financial implications have been specifically identified at this early stage. Nonetheless it is anticipated that there will be significant implications resulting from this transfer to the Council of the Standards Board’s responsibility for conducting investigations and determination. Accordingly, further reports will follow in due course.
- 4.2 Significantly, the Government have not made proposals to commit additional funding to local authorities to carry out these new functions. This is a particular concern likely to be shared by all authorities in meeting these additional tasks.

5. CONSULTATIONS

- 5.1 This report has been considered by Management Team on 30th January 2006.
- 5.2 The Standards Committee have been made aware of the future changes.

Contact Officer: Dennis A. Hall/Laura Starrs
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Wards: N/A

Key Decision Validation: N/A

Background Papers

Office of the Deputy Prime Minister: "Standards of Conduct in English Local Government: The Future" – December 2005.

Government Response to the Recommendations in Chapter 3 of the 10th Report of the Graham Committee on Standards in Public Life – Getting the Balance Right – Implementing Standards of Conduct in Public Life.

Government Response to the Recommendations of the ODPM Select Committee's Report on the Role and Effectiveness of the Standards Board for England

Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Council's Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Council's S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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REPORT TO COUNCIL

24 February 2006

REPORT OF DIRECTOR OF NEIGHBOURHOOD SERVICES

Portfolio: Regeneration

Sedgefield Borough Local Development Framework – Adoption of the Residential Extensions Supplementary Planning Document

1 SUMMARY

- 1.1 The Council considered the draft Residential Extensions Supplementary Planning Document on 30th September 2005. The draft Supplementary Planning Document was then subject to a six-week public consultation exercise until 11th November 2005. During this consultation period, the Borough Council received 18 comments from 8 organisations.
- 1.2 As a result of the consultation, some changes will be made to the draft Supplementary Planning Document to provide a more positive grammatical approach within the Document; expand the text with regard to protected species; and to clarify the meaning of certain paragraphs. The latter is required as a result of the practical application of the draft Document by Development Control Officers in the period since September 2005.

2 RECOMMENDATION

- 2.1 That Council adopts the Residential Extensions Supplementary Planning Document.

3 THE RESIDENTIAL EXTENSIONS SUPPLEMENTARY PLANNING DOCUMENT

- 3.1 To enable the Borough Council to adopt the Supplementary Planning Document, we must consider all the responses to the consultation exercise and how they are addressing these in the document we intend to adopt. During the consultation period, 18 comments were received from 8 organisations. Copies of these comments and the Borough Council's response are attached as Appendix 1.
- 3.2 In addition to the changes made as a result of the consultation responses, a number of wording changes are required to clarify meaning and improve the practical application of the Document. These wording changes affect:
 - Forward Extensions – draft paragraphs 5.1 & 5.2;
 - Side Extensions – draft paragraphs 6.5 – 6.7;
 - Rear Extensions – draft paragraphs 7.3 – 7.5; and,
 - Conservatories – draft paragraph 9.5.

Sustainability Appraisal

- 3.3 The Borough Council produced a Sustainability Appraisal report to accompany the draft Supplementary Planning Document. This Appraisal generated 4 comments. The adopted Supplementary Planning Document will need to take account of these comments. However, there is no requirement under the Town and Country Planning (Local Development) (England) Regulations 2004 to produce another Sustainability Appraisal report on the adopted Supplementary Planning Document.

4 FINANCIAL IMPLICATIONS

- 4.1 The only resource implications relate to the advertising costs of publishing the Adoption Statement and printing costs. These costs will be met from the Local Development Framework budget.

5 CONSULTATIONS

- 5.1 The consultation period for the draft Residential Extensions Supplementary Planning Document ran from 30th September to 11th November 2005. 18 comments were received during this consultation period and are attached as Appendix 1.

6 OTHER MATERIAL CONSIDERATIONS

6.1 Links to Corporate Objectives

The Community Strategy Outcomes include an Attractive Borough with Strong Communities where residents can access a good choice of high quality housing. The Council's ambitions, which are linked to the Community Strategy outcomes, are articulated through the Corporate Plan and the Medium Term Financial Plan. Our ambitions mirror those of Community Strategy. The adoption of the Residential Extensions Supplementary Planning Document can make a direct contribution to the delivery of these ambitions.

6.2 Risk Management

The adoption of the SPD will provide an up-to-date policy framework within which planning applications for residential extensions can be determined. This should reduce the number of appeals against any refusal and reduce the risk of decisions being overturned.

6.3 Health and Safety Implications

There are no additional Health and Safety implications.

6.4 Legal and Constitutional

Supplementary Planning Documents must be adopted by Council. (Planning and Compulsory Purchase Act 2004 applies.)

6.5 Information Communication Technology

The SPD will be made available on the Council's Website and via the Planning Portal.

6.6 Equality and Diversity

SPD are an inherent part of implementing the Authority's Local Development Framework and will assist fair access to service.

No other material considerations have been identified.

7 **OVERVIEW AND SCRUTINY IMPLICATIONS**

7.1 None.

8 **LIST OF APPENDICES**

Appendix 1 – Responses to the Draft Residential Extensions Supplementary Planning Document

Contact Officers: Chris Myers
Telephone No: (01388) 816166 ext **4328**
Email Address: cmyers@sedgefield.gov.uk

Ward(s): All

Key Decision Validation: This is a Key Decision, as the decision made by Council will develop the policy framework.

Background Papers

Planning Policy Statement 12: Local Development Frameworks
The Town and Country Planning (Local Development) (England) Regulations, 2004

Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Councils Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Appendix 1 – Consultation Responses

Reference Number	Name	Organisation	Support	Object	Section	Paragraph	Comments	SBC Response
DRESPD0001/01	James Cokill	Durham Wildlife Trust	No	Yes	Other Considerations	13.12	Document identifies the potential for bats in dwellings but does not state level of protection. In certain circumstances, a licence is required to undertake works.	Amend paragraph 13.12
DRESPD0001/02	James Cokill	Durham Wildlife Trust	No	No	Other Considerations	13.12	Need to provide text identifying the level of protection given to nesting birds under the Wildlife and Countryside Act.	Amend paragraph 13.12
DRESPD0002/01	Sam Kipling	Environment Agency	No	Yes		3.16	Rather than "to minimise inefficient water usage" should "maximise efficient water usage". The incorporation of such water and energy efficiency measures would be strongly encouraged	Amend paragraph 3.16
DRESPD0002/02	Sam Kipling	Environment Agency	No	Yes		3.16	The cumulative impact of small extensions can have a significant impact upon flooding. An extension usually sacrifices an area of garden, resulting in an increase in impermeability and increase in flows of surface water run-off. Extensions should be designed to be mindful of this problem. Suggest range of solutions.	Introduce new paragraph 3.17
DRESPD0002/03	Sam Kipling	Environment Agency	No	No		3.16	Further information on SUDS can be found at paragraphs 40-42 of PPG 25, CIRIA C522 Design Manual for England and Wales and the interim code of practice for SUDS. Please refer to these.	Introduce new paragraph 3.17
DRESPD0003/01	Nick Smith	North East Assembly	Yes	No			The SPD is broadly welcomed. It does not pose any issues which may have implications for the general conformity of the emerging LDF with RPG1 and emerging RSS.	Noted
DRESPD0004/01	Jenny Loring	English Nature	No	Yes		13.12	Many properties that could be extended may host bat roosts. The presence of any protected species is a material planning consideration in determining planning applications. Even works carried out under GPDO must have regard to legislation. Suggest new paragraph	Amend paragraph 13.12
DRESPD0004/02SA	Jenny Loring	English Nature	No	Yes	Sustainability Appraisal		Many properties that could be extended may host bat roosts. The presence of any protected species is a material planning consideration in determining planning applications. Even works carried out under GPDO must have regard to legislation.	Amend paragraph 13.12
DRESPD0005/01	Ian Radley	Highways Agency	Yes	No			No comments	Noted

Reference Number	Name	Organisation	Support Object	Section	Paragraph	Comments	SBC Response
DRESPD0006/01	Jason McKewon	Durham County Council	Yes	No		Supports the approach and content of the SPD	Noted
DRESPD0007/01	Alan Hunter	English Heritage	Yes	No	3.11	It is hard for an extension to a dwelling to create a sense of place but it is true that poor extensions can harm a sense of place.	Noted
DRESPD0007/02	Alan Hunter	English Heritage	No	Yes	3.14	It is important to ensure that any extension also seeks to retain any trees or valued landscaping which is otherwise nearby but not necessarily within the curtilage of the property	Amend paragraph 3.14
DRESPD0007/03	Alan Hunter	English Heritage	Yes	No	3.16	Support reference to County Council's sustainability guide	Noted
DRESPD0007/04	Alan Hunter	English Heritage	No	Yes	8.3	Sketch illustrates building conversions rather than extensions	Noted
DRESPD0007/05SA	Alan Hunter	English Heritage	No	Yes		Recommend Council to undertake survey to find out how the SPD influences all alterations to property and not just those requiring planning permission	To be considered in future
DRESPD0007/06SA	Alan Hunter	English Heritage	No	Yes	4.1	The growing problem of "affordability" is being worsened by small housing being made "unaffordable" by extensions. Suggest the withdrawal of permitted development rights for low cost, affordable housing to retain purchase by first-time buyers	Will be considered through the development of the Core Strategy DPD
DRESPD0007/07SA	Alan Hunter	English Heritage	No	Yes	Table 3	It is essential to include a SA objective to protect and enhance heritage assets in terms not only of appearance but also in terms of allowing them, through adaptation and extension where appropriate to remain in suitable use.	Will be considered through the development of the Core Strategy DPD
DRESPD0008/01	Frank Bozic	Northumbrian Water	No	Yes	13.2	We recommend the paragraph is rewritten to clarify the issues that the owner may face. Replacement paragraph text provided.	Amend paragraph 13.2