

COUNCIL

Friday, 29 September 2006

11.00 a.m.

Council Chamber, Council
Offices, Spenny Moor

AGENDA and REPORTS

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যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান অথবা যদি আপনার একজন ইন্টারপ্রেটারের প্রয়োজন হয়, তাহলে দয়া করে আমাদের সাথে যোগাযোগ করুন।

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यह दस्तावेज़ यदि आपको किसी अन्य भाषा या अन्य रूप में चाहिये, या आपको आनुवाद-सेवाओं की आवश्यकता हो तो हमसे संपर्क करें

ने छिह समउादेनन उगठु विमे वेर ब्रामा विच नां विमे वेर वुप विच चगीदा वै, नां ने उगठु गॉलघाउ ममझाउरु छयी विमे छिंटरपैटर ची छेइ वै, उां उमीं माठुं छेमे।

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Democratic Services



01388 816166

AGENDA

1. APOLOGIES

2. DECLARATIONS OF INTEREST

To notify the Chairman 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

(a) **28th July 2006** (Pages 1 - 4)

(b) **14th September 2006** (Pages 5 - 6)

4. MAYOR'S ANNOUNCEMENTS

5. ANNUAL GOVERNANCE REPORT

To consider the attached report (Pages 7 - 34)

6. TREASURY MANAGEMENT

Report of Head of Financial Services (Pages 35 - 54)

**7. SEDGEFIELD BOROUGH HOUSING STRATEGY 2006/7-2008/9
DEVELOPING A FIT FOR PURPOSE HOUSING STRATEGY**

Report of Director of Neighbourhood Services (Pages 55 - 82)

B.Allen
Chief Executive

Council Offices
SPENNYMOOR

Councillor Mrs. L. Hovvels (Mayor) and

All other Members of the Council

ACCESS TO INFORMATION

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Item 3a

SEDGEFIELD BOROUGH COUNCIL

Council Chamber,
Council Offices,
Spennymoor

Friday,
28 July 2006

Time: 11.00 a.m.

Present: Councillor Mrs. L. Hovvels (Mayor) and

Councillors Mrs. A.M. Armstrong, W.M. Blenkinsopp, Mrs. B.A. Clare, Mrs. K. Conroy, Mrs. J. Croft, V. Crosby, M.A. Dalton, R.S. Fleming, Mrs. B. Graham, A. Gray, G.C. Gray, B. Hall, K. Henderson, M.T.B. Jones, B. Meek, J.P. Moran, G. Morgan, B.M. Ord, R.A. Patchett, Mrs. E.M. Paylor, G.W. Scott, A. Smith, J.M. Smith, Mrs. I. Jackson Smith, K. Thompson, T. Ward and J. Wayman J.P

Apologies: Councillors B.F. Avery J.P, D.R. Brown, J. Burton, Mrs. A.M. Fleming, T.F. Forrest, Mrs. J. Gray, D.M. Hancock, J.E. Higgin, A. Hodgson, G.M.R. Howe, J.G. Huntington, M. Iveson, J.M. Khan, D.A. Newell, K. Noble, J.K. Piggott, Mrs. C. Potts, Ms. M. Predki, J. Robinson J.P, Mrs. L. Smith, Mrs. C. Sproat and W. Waters

C.42/06 DECLARATIONS OF INTEREST

Councillors M. A. Dalton and B. M. Ord reported that they would be declaring a personal and prejudicial interest in the item relating to Members Allowances as Chairman and Vice Chairman of Audit Committee. .

C.43/06 MINUTES

The Minutes of the meetings held on 30th June, 2006 and 13th July, 2006 were confirmed as correct records and signed by the Mayor.

C.44/06 MAYOR'S ANNOUNCEMENTS

The Mayor reported that since the last meeting she had attended 23 functions and events including Byers Green carnival, the Pioneering Care Partnership's Annual General Meeting, the official opening of Spennymoor Gala and Durham Miners Gala.

She had also attended the Learning Library 20th birthday celebration Open Day at Spennymoor Town Hall, Sport Relief Mile Event at Stadium 2000 Sildon and an exhibition of gymnastics at the new gymnastics centre at Spennymoor, the Royal British Legion Annual County Rally service in Durham Cathedral and Billingham International Folklore Festival.

In addition she had attended a number of diamond and golden wedding anniversary celebrations as well as civic functions and events.

C.45/06

ARRANGEMENTS FOR THE REVIEW OF THE CONSTITUTION

Consideration was given to a report of the Chief Executive (for copy see file of Minutes) detailing a further Review of the Constitution for the purposes of Article 16.

It was explained that the Council's Constitution had been adopted on the 24th May, 2002 as part of the Council's approach to implementing the Local Government Act.

Recommendations detailed in the report had been based on advice from the Council's Monitoring Officer and had been considered by the Constitutional Review Group and reflected those areas where it was considered appropriate to make some further changes.

Those changes related to the operation of the Appeals/Review Panels to improve organisational and meeting arrangements and modification to the Officer Delegations at Part 3c.

RESOLVED : *That the amendments as set out in the Appendix to the report be approved and the Council's Monitoring Officer be authorised to :-*

- Amend the Constitution accordingly and make all necessary and consequential arrangements.
- Publish an amended version on the Council's website.

C.46/06

LOCAL CODE OF CORPORATE GOVERNANCE - ANNUAL REPORT AND REVIEW OF CORPORATE GOVERNANCE 2005-06

Consideration was given to a report of the Chief Executive (for copy see file of Minutes) which detailed compliance with, content of and progress against Action Plans established to develop the Council's corporate governance arrangements during 2005/06 financial year.

It was explained The Chartered Institute of Public Finance and Accountancy and Society of Local Authority Chief Executives and Senior Managers existing framework document "Corporate Governance in Local Government : A Keystone for Community Governance" was about to be revised and the Audit Commission was also about to issue its revised methodology for undertaking Corporate Governance inspection and associated Key Lines of Enquiry.

Officers of the Council would review those documents when available and consider the implications in order to determine the extent of the Council's compliance with their revised requirements.

The Council's Corporate Governance arrangements would therefore continue to be subject to annual external and internal review and audit. The operation of the existing or revised Code of Practice would be subject to regular update reports to Management Team on progress achieved against Action Plans, which was designed to strengthen those arrangements.

There was therefore no reason to change, amend or alter the existing Local Code of Practice until further information was available from CIPFA, SOLACE and the Audit Commission.

- RESOLVED :*
1. *That the Annual Report for 2005/06 be approved.*
 2. *That following the review of compliance with, content of and progress against the Action Plans established, the Local Code of Corporate Governance, as approved by Council in December, 2002 remains unchanged.*
 3. *That the Chief Executive continues to monitor, through Management Team, progress against the Corporate Governance action plans and further reports be submitted to Council on an annual basis.*

C.47/06

SEDGEFIELD BOROUGH LOCAL DEVELOPMENT FRAMEWORK - CORE STRATEGY ALTERNATIVE OPTIONS REPORT

Consideration was given to a report of the Director of Neighbourhood Services (for copy see file of Minutes) in relation to the above.

It was explained that the Core Strategy Development Plan Document would provide the overall strategic spatial planning policies for the Borough up to 2018.

Under Regulation 25 of the Town and Country Planning (Local Development)(England) Regulations 2004 in order to take the document forward the Council needed to undertake an early consultation exercise to identify planning issues and options to be addressed.

The Key Issues Paper was published last year and following an assessment of the responses received an Alternative Options Document had been developed. This Document built upon the issues raised by the community during the consultation and proposed a series of Alternative Options to address those issues. The responses received for this round of consultation would feed into the Preferred Options Report due to be published in February, 2007.

- RESOLVED :* *That the Core Strategy Alternative Options Document be approved and published.*

C.48/06

REVIEW OF MEMBERS ALLOWANCES

N.B. In accordance with Section 81 of the Local Government Act 2000 and the Members' Code of Conduct Councillors M. A. Dalton and B.M. Ord declared a personal and prejudicial interest in this item and left the meeting for the duration of the discussion and voting thereon.

Consideration was given to a report of the Chief Executive (for copy see file of Minutes) in relation to a Review of Members Allowances,

incorporating the recommendations and findings of the Independent Remuneration Panel..

Members were reminded that at Annual Meeting of the Council on 19th May, 2006, Council had agreed the establishment of an Audit Committee and that the Independent Remuneration Panel be asked to determine the appropriate level of Special Responsibility Allowance to be paid to the Chairman and Vice-Chairman of the Committee.

When the Independent Remuneration Panel met, the opportunity was taken to consider Member's Basic Allowances and Special Responsibility Allowances to be paid in 2007/08 and to review Co-opted Members Allowances and also the Special Responsibilities for the Chairmen and Vice-Chairmen of Licensing Committees.

Spennymoor Town Council had also requested that consideration be given to the re-consideration of recommendations made in October, 2003 in relation to Parish Allowances.

- RESOLVED :*
- 1. That the findings and recommendations outlined in Section 10 of the Panel's report be approved and adopted.*
 - 2. That appropriate publicity be arranged indicating that the Panel's report and recommendations were available for public inspection in accordance with the Members' Allowances Regulations.*
 - 3. That the amendments to the Members' Allowance Scheme be incorporated into the Council's Constitution.*

ACCESS TO INFORMATION

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Liz Norrth 01388 816166 ext 4237 email: enorth@sedgefield.gov.uk

Item 3b

SEDGEFIELD BOROUGH COUNCIL

Council Chamber,
Council Offices,
Spennymoor

Thursday,
14 September 2006

Time: 11.00 a.m.

Present: Councillor B. Hall (Deputy Mayor) and

Councillors Mrs. A.M. Armstrong, W.M. Blenkinsopp, Mrs. B.A. Clare, Mrs. K. Conroy, Mrs. J. Croft, V. Crosby, Mrs. A.M. Fleming, R.S. Fleming, Mrs. B. Graham, A. Gray, G.C. Gray, Mrs. J. Gray, D.M. Hancock, A. Hodgson, M.T.B. Jones, B. Meek, J.P. Moran, G. Morgan, D.A. Newell, K. Noble, B.M. Ord, R.A. Patchett, Mrs. E.M. Paylor, J. Robinson J.P, A. Smith, Mrs. I. Jackson Smith, Mrs. C. Sproat, T. Ward and J. Wayman J.P

Apologies: Councillors B.F. Avery J.P, D.R. Brown, J. Burton, M.A. Dalton, T.F. Forrest, K. Henderson, J.E. Higgin, Mrs. L. Hovvells, G.M.R. Howe, J.G. Huntington, M. Iveson, J.M. Khan, J.K. Piggott, Mrs. C. Potts, Ms. M. Predki, G.W. Scott, J.M. Smith, Mrs. L. Smith, K. Thompson and W. Waters

C.49/06 DECLARATIONS OF INTEREST
No Declarations of Interest were received

C.50/06 APPOINTMENT OF DIRECTOR OF RESOURCES

MINUTES OF CHIEF OFFICER APPOINTMENTS PANEL.

The Minutes of the Chief Officer Appointments Panel held on :-

- i) 14th June 2006
- ii) 13th July 2006
- iii) 20th July 2006
- iv) 13th September 2006

were considered and received.

REPORT OF SOLACE ENTERPRISES

Consideration was given to a report of SOLACE Enterprises in relation to the appointment of Director of Resources.

It was explained that at the meeting of the Chief Officer Appointments Panel held on 13th September 2006 it had been recommended that Council interviews Alan Smith for the post of Director of Resources.

Members were reminded that Cabinet at its meeting that morning had considered the recommendation and had no objections to the

recommended candidate.

- RESOLVED:**
1. *That the minutes of the Chief Officer Appointments Panel identified be received.*
 2. *That Alan Smith be appointed as Director of Resources.*

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Annual governance report

Sedgefield Borough Council

Audit 2005/06

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports to the Authority

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
- any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0845 056 0566.

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

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Purpose of this report

- 1 We are required by the Audit Commission's statutory Code of Audit Practice for Local Government bodies (the Code) to issue a report to those charged with governance summarising the conclusions from our audit work. For the purposes of this report, the Council is considered to fulfil the role of those charged with governance.
- 2 We are also required by professional auditing standards to report to the Council certain matters before we give our opinion on the financial statements. The section of this report covering the financial statements fulfils this requirement.
- 3 This is our annual governance report covering the audit of the Council for the year ended 31 March 2006 and is presented by the District Auditor.
- 4 The principle purposes of the report are:
 - to reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and the Council;
 - to share information to assist both the auditor and those charged with governance to fulfil their respective responsibilities; and
 - to provide the Council with recommendations for improvement arising from the audit process.
- 5 The Audit Commission has circulated to all audited bodies a Statement of Responsibilities of Auditors and Audited Bodies that summarises the key responsibilities of auditors. Our audit has been conducted in accordance with the principles set out in that statement.

Scope of the report

- 6 In undertaking our audit, we comply with the statutory requirements of the Audit Commission Act 1998 and the Code. Auditors' responsibilities are to review and report on, to the extent required by the relevant legislation and the requirements of the Code:
 - the Authority's financial statements; and
 - whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 7 Our risk assessment and planned response to the key audit risks was summarised in our audit and inspection plan. A summary of our responsibilities and audit approach is included in Appendix 1. The annual governance report summarises the significant findings, conclusions and recommendations arising from our audit work. The results of our inspection work, and our separate grant claims' certification programme, will be reported in the Relationship Manager Letter later in the year.

- 8 We have issued separate reports during the year having completed specific aspects of our programme, which are listed in Appendix 2. Appendix 3 provides information about the fee charged for our audit and Appendix 4 sets out the requirements in respect of independence and objectivity.

Key messages

Financial statements

- 9 Our work on the financial statements is now complete. We anticipate being able to issue an unqualified opinion by 30 September 2006 (a draft report is attached at Appendix 5).

Use of resources

- 10 Our work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources is now complete. We anticipate being able to issue an unqualified conclusion on the use of resources by 30 September 2006 (a draft report is attached at Appendix 5).

Financial statements

- 11 We are required to give an opinion on whether the Authority's financial statements present fairly the financial position of the Authority as at 31 March 2006 and its income and expenditure for the year then ended.

Status of the audit

- 12 Our work on the financial statements is now complete.

Matters to be reported to the Council

- 13 We have the following matters to draw to the Council's attention.

Expected modifications to the auditor's report

- 14 On the basis of our audit work we currently propose to issue an unqualified audit report. A draft audit report is attached at Appendix 5.

Uncorrected misstatements

- 15 Our audit did not identify any misstatements in the financial statements that management has decided not to adjust.

Adjusted misstatements

- 16 To assist you in fulfilling your governance responsibilities, we are required to consider reporting adjusted misstatements to you where these are material. We therefore draw your attention to the list of material and significant misstatements that management has adjusted in Table 1 below. A complete listing of all amendments has been provided to officers.

Table 1 Adjusted misstatements in the financial statements

Details of adjustments made to the financial statements

| Issue | Value of misstatement £ | Impact on surplus/(deficit) |
|---|----------------------------|-----------------------------|
| Comparison of entries in the cash flow statement with other financial information identified a number of inconsistencies in presentation. These have been corrected and a revised approach agreed for future years. | 54,000 | No impact |

Qualitative aspects of accounting practices and financial reporting

- 17 Our audit includes consideration of the qualitative aspects of the financial reporting process, including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. We have no matters we wish to report to you.

Material weaknesses in internal control identified during the audit

- 18 Our audit did not identify any weaknesses in systems of accounting and financial control which we should report to you:
- 19 We have not provided a comprehensive statement of all weaknesses which may exist in internal control or of all improvements which may be made, but have addressed only those matters which have come to our attention as a result of the audit procedures we have performed.

Matters specifically required by other auditing standards

- 20 Other auditing standards require us to communicate with you in other specific circumstances including:
- where we suspect or detect fraud;
 - where there is an inconsistency between the financial statements and other information in documents containing the financial statements; and
 - non-compliance with legislative or regulatory requirements and related authorities.

There are no matters we wish to report to you.

Any other matters of governance interest

- 21 Finally, we are required to report any other matters that we believe to be of governance interest. There are no other matters we wish to report to you.

Letter of representation

- 22 We obtain written representations from management as an acknowledgement of its responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. The text of the required letter of representation is included at Appendix 6.

Next steps

- 23 We are drawing these matters to the Council's attention so that:
- you can consider them before the financial statements are approved and certified;
 - the representation letter can be signed on behalf of the Authority and those charged with governance before we issue our opinion on the financial statements.

Use of resources

Value for money conclusion

- 24 The Code requires us to reach a conclusion on whether we are satisfied that the Authority has proper arrangements in place for securing economy, efficiency and effectiveness in its use of your resources (the value for money conclusion). In meeting this responsibility, we will review evidence that is relevant to the Authority's corporate performance management and financial management arrangements. Our work in reaching the value for money conclusion is integrated with our work on the use of resources assessment. The use of resources assessment is a qualitative assessment of the effectiveness of the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources. The five areas we make assessments on are; financial statements, financial management, financial standing, internal control and value for money.
- 25 We have completed our work in relation to the use of resources and there are no matters which we wish to draw to the attention of the Council.

Use of auditors' statutory powers

- 26 Auditors are required to consider the exercise of certain statutory powers during the course of the audit, as summarised in Table 2 below.

Table 2 Use of statutory powers

| Issue | Auditor responsibility | Impact |
|----------------------------|--|--|
| Section 8 reports | Section 8 of the Act requires that auditors should consider whether, in the public interest, they should report on any matter that comes to their attention in the course of the audit so that it may be considered by the body concerned or brought to the attention of the public. | There have been no section 8 reports in respect of the financial year 2005/2006. |
| Section 11 recommendations | To consider whether a written recommendation should be made to the audited body requiring it to be considered and responded to publicly. | There have been no s11 recommendations. |
| Best value | To consider whether to recommend that the Audit Commission should carry out a best value inspection of the Authority under section 10 of the Local Government Act 1999 and/or that the Secretary of State should give a direction under section 15 of that Act. | Our work in respect of the Authority's 2005/2006 Best Value Performance Plan (BVPP) was reported in the 2005 annual audit and inspection letter. No recommendations were made to the Audit Commission or the Secretary of State. |

Closing remarks

- 27 This report has been discussed and agreed with the Chief Executive and the Head of Financial Services. A copy of the memorandum will be presented at the Council on 29 September 2006.
- 28 The Authority has taken a positive and constructive approach to our audit and I would like to take this opportunity to express my appreciation for the Authority's assistance and co-operation.

Steve Nicklin
District Auditor

September 2006

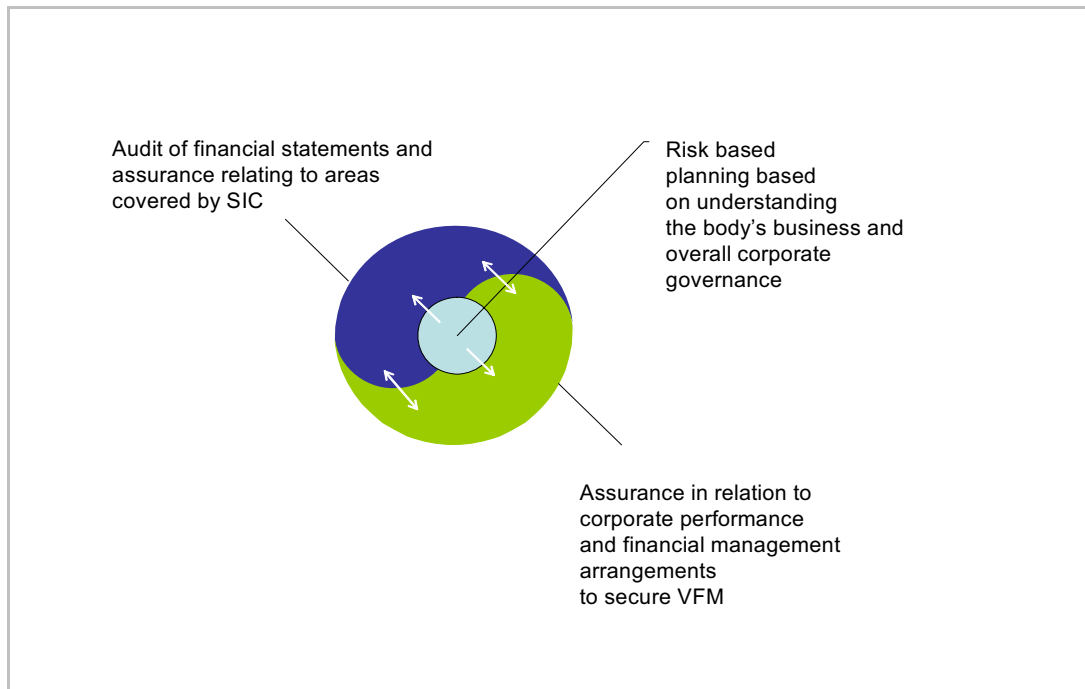
Appendix 1 – Audit responsibilities and approach

Audit objectives

- 1 Our objective as your appointed auditor is to plan and carry out an audit that meets the requirements of the Code of Audit Practice. We adopt a risk-based approach to planning our audit, and our audit work has focused on the significant risks that are relevant to our audit responsibilities.

Figure 1 Code of Audit Practice

Code of practice responsibilities



Approach to the audit of the financial statements

- 2 In our approach to auditing the financial statements, we adopt a concept of materiality. Material errors are those which might be misleading to a reader of the financial statements. We seek, in planning and conducting our audit of the accounts, to provide reasonable assurance that your financial statements are free of material misstatement. In planning our work we considered the arrangements of the Authority which had most impact on our opinion. These included:
 - the standard of the overall control environment and internal controls;
 - reliance on internal audit;
 - the likelihood of material misstatement occurring from of material information systems; or a material error failing to be detected by internal controls;
 - any changes in financial reporting requirements; and
 - the effectiveness of procedures for producing the financial statements and supporting material.
- 3 The results of the above feed into our risk assessment which determines the level and type of testing undertaken on each element of the financial statements. The keys risks that we identified include:
 - Possible issues with capital transactions due to changes in capital accounting requirements.

Approach to audit of arrangements to secure value for money

- 4 The scope of these arrangements is defined in paragraph 20 of the Code as comprising:
 - corporate performance management; and
 - financial management arrangements.
- 5 Our conclusion is informed and limited by reference to relevant criteria covering specific aspects of audited bodies' arrangements, specified by the Code.

- 6 In planning audit work in relation to the arrangements for securing economy, efficiency and effectiveness in the use of resources, considered and assessed relevant significant business risk. Significance is defined by the Code as 'a matter of professional judgment and includes both quantitative and qualitative aspects of the risk'.
- 7 The potential sources of assurance when reaching the value for money conclusion include:
 - the Authority's whole system of internal control as reported in its statement on internal control;
 - results from statutory inspections or the work of other regulators, for example, corporate assessments, service assessments (whether by the Commission or other regulators), etc.;
 - work specified by the Audit Commission, for example, the use of resources assessments, and data quality work;
 - links to the financial statements' audit, including review of internal audit, the SIC and budgetary control arrangements; and
 - other work necessary to discharge our responsibilities.

Appendix 2 – Audit reports issued

Table 3

| Planned output | Planned date of issue | Actual date of issue | Addressee |
|---------------------------------|------------------------------|-----------------------------|------------------|
| Audit and inspection plan | March 2005 | April 2005 | Cabinet |
| Interim audit memorandum | April 2006 | Awaited | Management |
| Annual governance report | September 2006 | September 2006 | Council |
| Opinion on financial statements | September 2006 | September 2006 | Council |
| Value for money conclusion | September 2006 | September 2006 | Council |
| Final accounts memorandum | October 2006 | Awaited | Management |
| Use of resources assessments | March 2007 | Awaited | Management |
| BVPP report | September 2005 | October 2005 | Council |
| Governing partnerships | As required | July 2006 | Management |

Appendix 3 – Fee information

Table 4

| Fee estimate | Plan 2005/06 | Actual 2005/06 |
|----------------------------|---------------------|-----------------------|
| Audit | £ | £ |
| Accounts | 63,540 | 63,540 |
| Use of resources | 26,490 | 26,490 |
| Total audit fees | 90,030 | 90,030 |
| Voluntary improvement work | To be discussed | 0 |

Appendix 4 – The Audit Commission’s requirements in respect of independence and objectivity

- 1** We are required by the standard to communicate following matters to the Council:
 - the principal threats, if any to objectivity and independence identified by the auditor, including consideration of all relationships between the Authority, directors and the auditor;
 - any safeguards adopted and the reasons why they are considered to be effective;
 - any independent partner review;
 - the overall assessment of threats and safeguards; and
 - information about the general policies and processes for maintaining objectivity and independence.
- 2** We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under auditing and ethical standards.

Appendix 5 – Independent auditor’s draft report to Sedgefield Borough Council

Opinion on the financial statements

I have audited the financial statements of Sedgefield Borough Council for the year ended 31 March 2006 under the Audit Commission Act 1998, which comprise the Consolidated Revenue Account, the Housing Revenue Account, the Collection Fund, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to Sedgefield Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Finance Officer and auditors

The Chief Finance Officer’s responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005 are set out in the Statement of Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements present fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005.

I review whether the statement on internal control reflects compliance with CIPFA’s guidance, ‘The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003’ published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the explanatory foreword and the report by the Head of Financial Services. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of the Authority as at 31 March 2006 and its income and expenditure for the year then ended.

Steve Nicklin
District Auditor

Date

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority’s Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the Authority is required to prepare and publish a best value performance plan summarising the Authority’s assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority’s best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for other local government bodies specified by the Audit Commission and published in July 2005, in all significant respects, Sedgefield Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2006.

Best Value Performance Plan

I issued my statutory report on the audit of the Authority’s best value performance plan for the financial year 2005/06 in October 2005. I did not identify any matters to be reported to the Authority and did not make any recommendations on procedures in relation to the plan.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Steve Nicklin
District Auditor

Date

Appendix 6 – Letter of representation

To:

The Audit Commission

[address]

Sedgefield Borough Council - Audit for the year ended 31 March 2006

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Sedgefield Borough Council, that the following representations given to you in connection with your audit of the Authority's financial statements for the year ended 31 March 2006.

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements which present fairly and for making accurate representations to you.

The Authority has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Authority have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all members meetings, have been made available to you.

Related party transactions

I confirm the completeness of the information provided regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements; and,
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements;

- no financial guarantees have been given to third parties.

Law, regulations and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Authority.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements;
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

Post balance sheet events

Since the date of approval of the financial statements by the Authority, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

FRS17

I confirm that the Authority has established a process and has made appropriate enquiries to ensure that the actuarial valuation of scheme liabilities are satisfactory and are consistent with our knowledge of the business.

Signed on behalf of Sedgefield Borough Council

Councillor R Fleming

Leader of Sedgefield Borough Council

Date

Brian Allen
Chief Executive
Date

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Item 6

**REPORT TO COUNCIL
29TH SEPTEMBER 2006**

**REPORT OF HEAD OF FINANCIAL
SERVICES**

Portfolio: RESOURCE MANAGEMENT

ANNUAL REVIEW OF TREASURY MANAGEMENT 2005-06

1.0 SUMMARY

1.1 The purpose of this report is to review the performance of the Council's Treasury Management activities during the 2005-06 financial year.

2.0 RECOMMENDATIONS

2.1 That performance and compliance with the approved Treasury Management Strategy in 2005-06 be noted.

3.0 TREASURY MANAGEMENT REVIEW

3.1 Council initially approved the Local Code of Practice for Treasury Management Activities (the Local Code) in December 2002. This was reviewed in 2005-06, following changes to regulations governing treasury activities and Council subsequently approved a revised Local Code in September 2005 that took into account these developments.

3.2 This code encouraged local authorities to put into place formal policies and practices, strategies and reporting arrangements for the effective management and control of Treasury Management activities.

3.3 Included in the agreed clauses for incorporation into the Council's formal processes, was the requirement to produce an annual Treasury Management Strategy in advance of the commencement of the year and report on performance against this in an Annual Report by 30th September the following financial year.

3.4 The attached report sets out details of the Council's performance and compliance with the strategy approved by Council in February 2005 and details the effects of the decisions taken and the transactions executed in the past year. The report confirms that the Council fully complied with its approved strategy, treasury management practices and Local Code in 2005-06. Key aspects of performance in 2005-06 that should be noted are as follows:

- The policy of ensuring that **long-term borrowing** and the **capital financing requirement** are at broadly the same level was achieved with figures of **£18.349m** and **£19.147m** respectively.
- Rescheduling of **£3.9m** of debt during the year, replacing loan debt at **8.35%** with a relatively low rate of **3.7%**, resulting in revenue savings of around **£90,000** per year.
- Average rate of return on achieved on investments was **4.80%** - **0.27%** greater than the benchmark comparator of **4.53%**.

- ❑ Reduction in the average rate of interest paid on external debt from **7.4%** to **7.2%**.
- ❑ Compliance with all prudential indicators in accordance with the Prudential Code for Capital Finance in Local Authorities.

4.0 RESOURCE IMPLICATIONS

The specific resource implications and financial performance of the Council's Treasury Management activities are set out in detail in the Annual Review of Treasury Management 2005-06 Report.

5. CONSULTATIONS

The content of the report has been developed in consultation with Butlers - the Council's external Treasury Management consultants. No other specific consultations were deemed appropriate or necessary.

6. OTHER MATERIAL CONSIDERATIONS

Links to Corporate Objectives/Values

- 6.1 Effective treasury management activities provide support towards achievement of the Council's business and service objectives. The principal direct link is to the corporate value of *'being responsible with and accountable for public finances.'*

Risk Management

- 6.2 The Local Code contains detailed guidance on the management of risk associated with the Council's treasury activities. The successful identification, monitoring and management of risk are the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management activities in 2005-06 continued to be focused on securing principal sums invested.

Legal and Constitutional

- 6.3 The annual review is prepared in accordance with the constitutional requirement that 'reports will be prepared on Treasury Management policies, practices and activities, including an annual strategy and plan in advance of the year, and *an annual report will be presented after the close of the financial year*, in the form prescribed in TMP's' (Part 4 Rules of Procedure – Financial Regulations).

7. OVERVIEW AND SCRUTINY IMPLICATIONS

The report will be subject to normal Overview and Scrutiny arrangements.

8. List of Appendices

1. Annual Review of Treasury Management 2005-06

| | |
|-------------------------|--|
| Contact Officer: | Harold Moses (Head of Financial Services) |
| Telephone No.: | (01388) 816166 ext. 4385 |
| E-Mail Address: | hmoses@sedgefield.gov.uk |
| Ward(s): | Not Ward Specific |

Background Papers:

Code of Practice for Treasury Management Activities - Council 20th December 2002

Examination by Statutory Officers

| | Yes | Not Applicable |
|--|------------|---------------------------|
| 1. The report has been examined by the Councils Head of the Paid Service or his representative | ✓ | |
| 2. The content has been examined by the Councils S.151 Officer or his representative | ✓ | |
| 3. The content has been examined by the Council's Monitoring Officer or his representative | ✓ | |
| 4. The report has been approved by Management Team | ✓ | |

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ANNUAL REVIEW OF TREASURY MANAGEMENT

2005-06

1. Introduction

- 1.1** The purpose of this report is to review the performance of the Council's Treasury Management activities during the 2005-06 financial year, in accordance with Treasury Management Practice (TMP) Number 6 'Reporting Requirements and Management Information Arrangements'.
- 1.2** The Council's constitution (Part 4 Rules of Procedure – Financial Regulations) requires that an annual report be presented after the close of the financial year in the form prescribed in TMP's.

2. Performance Against Strategy

2.1 Long Term Borrowing from the Public Works Loan Board (PWLB)

The objective set out in the Strategy was to continue the policy of ensuring that the level of external debt and the capital financing requirement were broadly at similar levels. This is achieved by a combination of loans being repaid at the end of their normal loan period and prematurely redeeming other debt.

The capital financing requirement and external debt at 31 March 2006 was **£19.147m** and **£18.349m** respectively.

There was a requirement for long term borrowing from the PWLB to facilitate a debt rescheduling exercise, details of which are provided below in paragraph 2.2.

An analysis of the PWLB Loan Debt as at 31 March 2006 is attached at **Appendix A**.

2.2 Premature Redemption of Debt

Debt rescheduling opportunities were constantly monitored throughout the year, taking into account interest rate fluctuations and recommendations made by our external Treasury Management Consultants.

The Council's actual level of external debt and the capital financing requirement were broadly similar throughout the year and therefore no debt repayment activities were necessary to bring the two measures together.

However, the Council did reschedule **£3.9m** of PWLB during the year, to take advantage of relatively low long-term rates of interest. The Council was successful in replacing loan debt at **8.35%** with a relatively low rate of **3.7%** resulting in annual savings of £90,000 after taking into account the cost of premiums. Details are shown in the following table:

Table 1: Changes in PWLB Debt during 2005-06

| Loan No. | Date of Borrowing | Principal Amount Repaid £ | No. of Years | Rate of Interest (%) | Date Repaid | Premium Paid £ |
|-------------------------|-------------------|---------------------------|--------------|----------------------|-------------|----------------|
| Loans Repaid | | | | | | |
| 475114 | 02/02/95 | 400,000 | 25 | 9.125 | 21/01/06 | 98,824 |
| 479500 | 22/05/97 | 2,000,000 | 25 | 7.375 | 21/01/06 | 348,102 |
| 463959 | 05/02/88 | 1,439,039 | 25 | 9.500 | 21/01/06 | 304,405 |
| | | 3,839,039 | | 8.354 | | 751,331 |
| Replacement Loan | | | | | | |
| 495114 | 23/01/06 | 3,840,000 | 45.5 | 3.700 | 06/07/51 | N/a |
| | | 3,840,000 | | 3.700 | | N/a |

The Council holds premiums and discounts amounting to **£1.448m** on its balance sheet (as a prepayment) relating to debt restructuring exercises conducted in previous years. In line with proper accounting practices, these premiums are being charged to the appropriate revenue accounts over a number of years. As at 31st March 2006, the General Fund element of these pre-payments equate to **£0.459m** and the HRA share is **£0.989m**. Full provision is made in the budget framework for the annual charge to both the General Fund and HRA and summary details are provided in the following table.

Table 2: Premiums charged to Revenue Accounts

| Timescale | General Fund Premiums £000 | HRA Premiums £000 |
|--------------------|----------------------------|-------------------|
| 1 – 2 years | 33 | 531 |
| 2 – 5 years | 38 | 353 |
| 5 – 10 years | 64 | 105 |
| More than 10 years | 324 | - |
| | 459 | 989 |

2.3 Long Term Debt - Other than PWLB

The objective in the Strategy was to monitor money market rates, in order to borrow additional sums within the overall borrowing limit, from sources other than the PWLB - had it been in the Council's best interests to do so.

It was not necessary to borrow from these sources during 2005-06.

The Council had **£0.494m** loans outstanding with financial institutions other than the PWLB on 1st April 2005. During the year a further **£0.164m** was repaid, in accordance with the terms of the existing loans to Durham County Council's Superannuation Fund and the European Investment Bank (EIB). The total value of 'other long term debt' at 31 March 2006 was **£0.330m**.

2.4 Summary – All Long Term Loan Transactions

An analysis of all long term loan transactions (both PWLB and non-PWLB) during 2005-06 is as follows:-

Table 3: All Long Term Loan Debt 2005-06

| Type of Institution | Balance at 1.4.05 £m | New Borrowing £m | Normal Repayments £m | Premature Repayments £m | Balance at 31.03.06 £m |
|---------------------|-------------------------|---------------------|-------------------------|----------------------------|---------------------------|
| PWLB | 18.493 | 3.840 | 0.145 | 3.839 | 18.349 |
| EIB | 0.157 | - | 0.157 | - | - |
| Other | 0.337 | - | 0.007 | - | 0.330 |
| Total | 18.987 | 3.840 | 0.309 | 3.839 | 18.679 |

NB: The Council's assets, against which the debt is effectively secured, have a book value of **£348m** at the 31 March 2006.

2.5 Investments

Officers assess the Council's cash flows on a daily basis, taking into account detailed forecasts of funds needed throughout the year, and invest surplus funds and in accordance with approved Treasury Management Practices (TMPs) and only to authorised counter parties. Excess funds that are held temporarily for only a few days, for cash flow purposes, are invested in three specific accounts - the Anglo Irish Bank, Bank of Scotland or the Co-operative Bank – depending on which of these is offering the best rate of interest at the time.

The objective in the strategy was to optimise investment income in accordance with the Council's Treasury Management Statement by achieving a level of return greater than that which would have accrued if all surplus cash was invested at interest rates applicable to the average seven day investment rate, as quoted by the Council's nominated brokers.

The average seven-day compounded London Inter Bank Bid rate (LIBID) for 2005-06, was **4.53%**.

The actual return achieved by this Council during 2005-06 was **4.80%**, which is 0.27% higher than the above comparator. In financial terms this equates to an additional £71,289 interest earned during 2005-06.

| INVESTMENTS | <i>Target</i> % | <i>Outturn</i> % |
|---|--------------------|---------------------|
| Return compared with the 7 day LIBID Rate | + 0.10 | + 0.27 |

Initial estimates for the total level of investment income earned in 2005-06 were set at £1.4m. This estimate was subsequently decrease during the

year because of a delay by the Council in receiving a large capital receipt from the sale of land at Cobblers Hall, Newton Aycliffe. The Council took mitigating action to minimise the impact of this delay by holding back planned growth in service expenditure during the period of the delay.

As a result of the above factors, actual total investment income received during 2005-06 was **£1.256m** (compared to an initial budget of £1.4m and a revised budget of £1.2m).

The total value of investments at the start of the year was **£14.593m**, which increased to **£28.580m** as at 31 March 2006. An analysis of the investments is shown at **Appendix B**.

3. Economic Trends During 2005-06

- 3.1 The Council employs external Treasury Management Consultants to advise on the Treasury Strategy, provide economic data and interest rate forecasts, assist in planning and reduce the impact of unforeseen adverse interest rate movements. Throughout the course of the year the Council received weekly guidance and advice on interest rate changes from the external consultants and, together with cash flow forecasts and within approved TMPs, this was fully taken into account in determining investment decisions
- 3.2 The Bank of England's monetary policy objective is to deliver price stability (i.e. low inflation) and to support Government objectives for growth and employment. Price stability is defined by the Government's inflation target of 2%. The Bank seeks to meet the inflation target by setting and adjusting the interest rate level. Lowering or raising the interest rate affects spending in the economy, which affects the level of inflation.
- 3.3 Base rates started the financial year at 4.75% and were cut by 0.25% to 4.5% in August 2005. There were hopes of further reductions during the course of the year, however, this view faded as signs of a recovery in UK economic activity increased. The Bank of England's Monetary Policy Committee (MPC) has kept interest rates on hold at 4.5% since last August, adopting a 'wait and see' strategy until more data becomes available on likely growth and inflation trends in 2006
- 3.4 During 2005-06, long-term interest rates (PWLB) fell to low levels due in particular to increased demand for long-dated government and high quality corporate bonds from defined benefit pension schemes. This was seen most clearly for very long interest rates and the rate on the new 45-50 year PWLB loan (introduced in early December 2005) reached a low of 3.7%. In overall terms, long term interest rates ended the year 0.25% below where they had started.

4. Compliance with the Council's Procedures and External Requirements

- 4.1** The Council fully complied with its internal procedures and the requirements of the CIPFA Code of Practice on Treasury Management during 2005-06. The Council was bound by the requirements of the Local Government Act 2003, which introduced 'The Prudential Code for Capital Finance in Local Authorities' (The Prudential Code) in April 2004.
- 4.2** 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. In general terms, the Council complies with the Prudential Code by:
- Having medium term plans (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.
- 4.3** To support capital investment decisions, the Prudential Code requires the Council to agree and monitor a number of Prudential Indicators. These indicators are mandatory and cover capital expenditure, affordability, prudence, external debt levels and Treasury Management activities. The indicators are purely for internal use by the Council and are not to be used as comparators between Councils.
- 4.4** Council adopted and approved its prudential indicators in February 2005 - as part of the 2005-06 Treasury Management Strategy. Actual performance against these indicators is shown in **Appendix C**, which demonstrates that all limits have been adhered to. A summary of the key controls surrounding the treasury and capital finance position is shown below:

| | <i>Key Prudential Indicators</i> | <i>2005-06 Budget £'000</i> | <i>2005-06 Outturn £'000</i> |
|------------|--------------------------------------|-------------------------------------|--------------------------------------|
| | Gross Borrowing | 18,678 | 18,679 |
| | Investments | (30,142) | (28,580) |
| (1) | Net Borrowing | (11,464) | (9,901) |
| (2) | Capital Financing Requirement | 20,720 | 19,147 |
| (3) | Authorised Limit | 30,000 | 18,679 |
| (4) | Operational Boundary | 22,000 | 18,679 |

- The Capital Financing Requirement (CFR) in 2) above shows the Council's underlying need to borrow for a capital purpose. Under normal circumstances, actual borrowing should be broadly in line with the CFR. The table above shows that the Council's gross borrowing is just under the CFR.
- The Authorised Limit in 3) above is the statutory 'Affordable Borrowing Limit' required by Section 3 of the Local Government Act 2003. The table demonstrates that during 2005-06 the Council has maintained gross borrowing within its Authorised Limit.
- The Operational Boundary in 4) above is the expected borrowing position of the Council during the year, and periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached.

4.5 Treasury Management Practices set out in the Local Code establish strict controls governing the day-to-day investment activity of the Council. All investments in the year were made in accordance with these practices in terms of the authorised counter parties that the Council deals with and the maximum deposits applying to those individual institutions and the investment periods. An analysis of the investment maturity profile at the year-end is shown at **Appendix D**, which shows that 66% of investments were for periods of less than 12 months and at no point in the year were the limits and control totals set out in the Local Code exceeded.

5. Risk, Performance and Corporate Governance

5.1 The Council is aware of the risks of passive management of Debt and Investment and, with the support of Butlers, the Council's Treasury Management advisers, has proactively managed the debt and surplus cash flows over the year.

5.2 As a result of the above, the Council has been able to redeem high interest related debt and take advantage of lower interest rates prevailing in the market. This has led to a reduction in the average rate of interest on its outstanding long-term debt, from **7.4%** in 2004-05 to **7.2%** in 2005-06 – a reduction of **0.2%**. There is no risk of volatility of costs in the current debt portfolio as the interest rates are all at fixed, long-term levels.

| LONG TERM DEBT | <i>Target</i> % | <i>Outturn</i> % |
|---|--------------------|---------------------|
| Change in average rate of interest paid on debt | - 0.20 | - 0.20 |

- 5.3** In adopting the Local Code, the Council has agreed a low risk strategy to only invest its surplus cash in a limited number of Banks and Building Societies. This policy was determined in order to ensure that the Council is not at risk of losing funds by extending the number of organisations for investment to obtain higher returns. Similarly, the Council has not used surplus cash to invest in Managed Funds or Certificates of Deposits where again there is risk of losing some of the capital invested, although a higher rate of return may have been achievable.
- 5.4** The Council's investment return is predominantly determined by movements in base rates and therefore these returns can be volatile and, whilst the risk of loss of the investment is minimised through the lending list, accurately forecasting returns can often be difficult.
- 5.5** The Local Code of Treasury Management is published on the Council's website and the application of the TMP's contained within it fully support the Local Code of Corporate Governance. Treasury management activities and decisions are underpinned by the key principles of good corporate governance – accountability; integrity; and openness and inclusivity. These are monitored and reviewed on a regular basis and the Corporate Governance dimension of risk management and internal controls underpins the whole TM function.

6. Treasury Management Consultants

- 6.1** Butlers were appointed as the Council's consultants in February 1999. They have supplied a high level of specialist advice throughout the year, including providing advice on the timing of the premature repayment of debt to the PWLB and guidance in terms of the impact of the introduction of the new Prudential Framework. The officers remain satisfied with the level and quality of service provided by Butlers. In accordance with delegated powers and contract procedure rules, following consultation with the relevant portfolio holder, the Director of Resources agreed to extend the contract with Butlers to 31st March 2009.

7. Investments - Money Brokers and Instant Access Deposits

- 7.1** The Council has appointed three approved money brokers to act on its behalf. These brokers are responsible for securing the best interest rates available from the market for the investment of surplus loans. Investments are limited to the approved counter parties' list and control totals govern the maximum value of investments with each of these. In addition, the Council also operates three instant access deposit accounts (Anglo-Irish Bank, Bank of Scotland and Co-operative Bank), which are used to invest smaller sums frequently on a temporary basis.

- 7.2 All brokers work within a highly competitive environment and contact the Council on a daily basis to provide details of market rates applicable for different investment periods. The following table identifies the total number of investments in 2005-06, showing the number and total value of deals per broker and by deposit account type :-

Table 4: All Long Term Loan Debt 2005-06

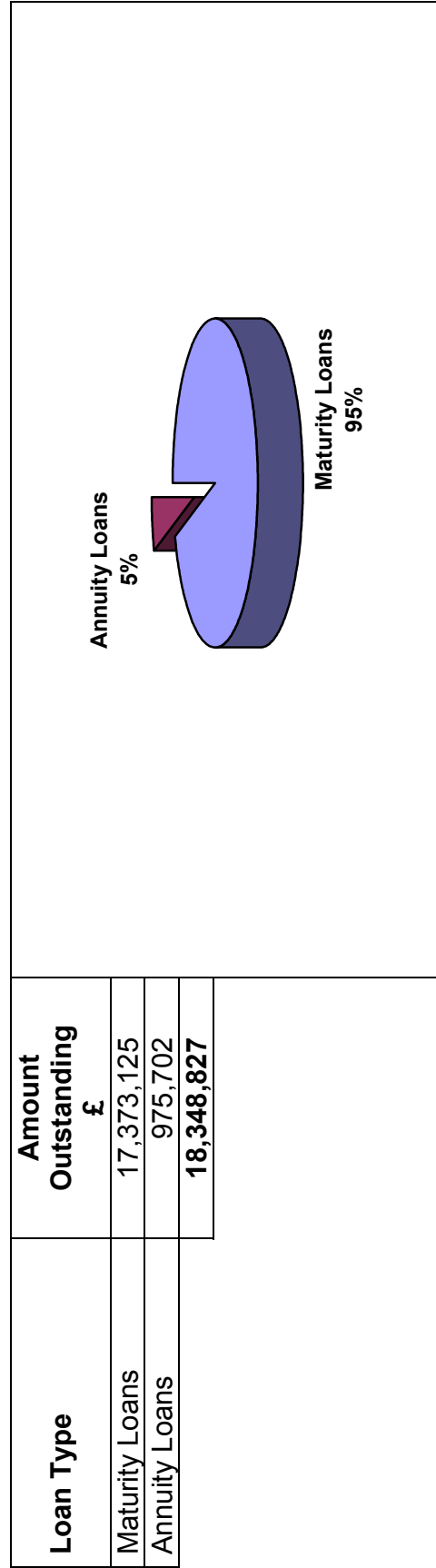
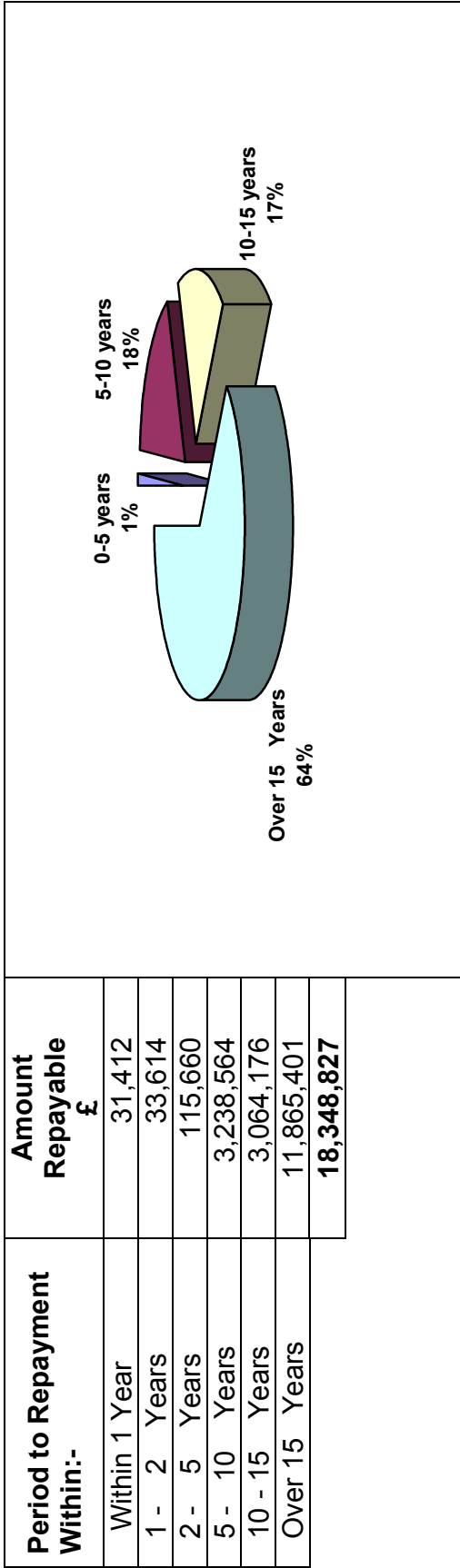
| Investment Type | Number of Deals | Value of Deals (£'000) | Percentage of Overall Deals (%) |
|--|-----------------|------------------------|---------------------------------|
| Fixed Investments via Brokers | | | |
| Tullet Prebon (UK) Ltd | 10 | 6,750 | 5 |
| Martin Brokers (UK) plc | 23 | 18,750 | 13 |
| Tradition (UK) Ltd | 30 | 31,500 | 22 |
| Direct Dealings (Co-op Bank) | 7 | 12,880 | 9 |
| | 70 | 69,880 | 49 |
| Instant Access Deposit Accounts | | | |
| Anglo Irish Bank | 97 | 44,960 | 33 |
| Co-op Bank | 20 | 4,950 | 3 |
| Bank of Scotland | 27 | 21,700 | 15 |
| | 144 | 71,610 | 51 |
| Grand Total | 214 | 141,490 | 100 |

- 7.3 Officers are satisfied with the service received from Tullet Prebon (UK) Ltd, Martin Brokers (UK) plc and Tradition (UK) Ltd. Their performance is continually reviewed with reference to the market for competitiveness.

8. Conclusions

- 8.1 The Council has maintained the level of external debt in line with its capital financing requirement. It has also achieved a satisfactory return on its investments during the 2005-06 financial year, whilst operating within the approved borrowing limits at all times.
- 8.2 It can therefore be concluded that the Treasury Management activities undertaken during 2005-06 met all of the strategic aims and objectives by the Council, set at the beginning of the year.

ANALYSIS OF PWLB LOAN DEBT AS AT 31 MARCH 2006



APPENDIX B

SEDGEFIELD BC – SUMMARY OF INVESTMENTS AS AT 31/3/06

| Date of Loan | Borrower | Value (£) | % Total | Interest Rate | Loan Period (Days) | Date Repaid |
|---------------------------|---|-------------------|---------------|---------------|-----------------------------|------------------------|
| BANKING SECTOR | | | | | | |
| 08/06/05 | HSBC Bank PLC | 5,000,000 | 17.49% | 5.16% | 4Year 6mth.Callable Deposit | Optional every 6months |
| 04/10/05 | Royal Bank of Scotland | 2,500,000 | 8.75% | 5.30% | 5Year 6mth.Callable Deposit | Optional every 6months |
| 21/10/05 | Toronto Dominion Bank | 2,000,000 | 7.00% | 5.38% | 5Year 6mth.Callable Deposit | First year fixed@5.38% |
| 13/03/06 | Anglo Irish Bank (30Day Flexible-Deposit A/c) | 1,830,000 | 6.41% | 4.50% | 36 | 18/04/06 |
| N/a | Bank of Scotland (Business Current A/C) | 250,000 | 0.87% | 4.50% | N/a | N/a |
| | SUB TOTAL – BANKING SECTOR | 11,580,000 | 40.52% | | | |
| BUILDING SOCIETIES | | | | | | |
| 20/12/05 | Vernon | 500,000 | N/a | 4.60% | 198 | 06/07/06 |
| 01/02/06 | Vernon | 1,000,000 | N/a | 4.54% | 86 | 28/04/06 |
| 27/02/06 | Vernon | 500,000 | N/a | 4.52% | 123 | 30/06/06 |
| | Sub Total – Vernon | 2,000,000 | 7.00% | | | |
| 26/10/05 | Tipton & Colesley | 1,000,000 | N/a | 4.62% | 273 | 26/07/06 |
| 05/01/06 | Tipton & Colesley | 500,000 | N/a | 4.55% | 119 | 04/05/06 |
| 15/03/06 | Tipton & Colesley | 500,000 | N/a | 4.51% | 29 | 13/04/06 |
| | Sub Total – Tipton & Colesley | 2,000,000 | 7.00% | | | |
| 04/01/06 | National Counties | 1,500,000 | 5.25% | 4.58% | 89 | 03/04/06 |
| 15/11/05 | Universal | 750,000 | N/a | 4.60% | 181 | 15/05/06 |
| 07/02/06 | Universal | 500,000 | N/a | 4.57% | 181 | 07/08/06 |
| | Sub Total – Universal | 1,250,000 | 4.37% | | | |
| 21/02/06 | Manchester | 750,000 | N/a | 4.52% | 86 | 18/05/06 |
| 22/02/06 | Manchester | 500,000 | N/a | 4.52% | 85 | 18/05/06 |
| | Sub Total – Manchester | 1,250,000 | 4.37% | | | |
| 02/02/06 | Furness | 750,000 | N/a | 4.57% | 182 | 03/08/06 |
| 03/03/06 | Furness | 500,000 | N/a | 4.53% | 123 | 06/07/06 |
| | Sub Total – Furness | 1,250,000 | 4.37% | | | |
| 01/03/06 | Saffron Walden Herts .& Essex | 1,000,000 | 3.50% | 4.58% | 278 | 04/12/06 |
| 01/12/05 | Cumberland | 1,000,000 | 3.50% | 4.57% | 182 | 01/06/06 |
| 21/11/05 | Leeds | 1,000,000 | 3.50% | 4.57% | 182 | 22/05/06 |
| 02/12/05 | Mercantile | 1,000,000 | 3.50% | 4.58% | 276 | 04/09/06 |
| 03/02/06 | Kent Reliance | 1,000,000 | 3.50% | 4.53% | 84 | 28/04/06 |
| 15/03/06 | Teachers | 1,000,000 | 3.50% | 4.51% | 29 | 13/04/06 |
| 17/02/06 | Loughborough | 750,000 | 2.62% | 4.54% | 181 | 17/08/06 |
| 06/12/05 | Lambeth | 500,000 | 1.75% | 4.56% | 118 | 03/04/06 |
| 08/12/05 | Darlington | 500,000 | 1.75% | 4.58% | 123 | 10/04/06 |
| | SUB TOTAL – BUILDING SOCIETIES | 17,000,000 | 59.48% | | | |
| | GRAND – TOTAL | 28,580,000 | | | | |

APPENDIX C

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 Corporate Capital Strategy.

| <i>Capital Expenditure</i> | <i>2002/2003 Actual</i> | <i>2003/2004 Actual</i> | <i>2004/2005 Actual</i> | <i>2005-06 Budget</i> | <i>2005-06 Actual</i> |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Housing | 6,165 | 6,738 | 7,414 | 7,000 | 7,211 |
| Non-Housing | 2,917 | 3,363 | 4,550 | 8,800 | 7,882 |
| Total | 9,082 | 10,101 | 11,964 | 15,800 | 15,093 |

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.

| <i>Capital Financing Requirement</i> | <i>2002/2003 Actual</i> | <i>2003/2004 Actual</i> | <i>2004/2005 Actual</i> | <i>2005-06 Budget</i> | <i>2005-06 Actual</i> |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Housing | 14,718 | 8,388 | 9,410 | 9,714 | 9,714 |
| Non-Housing | 10,107 | 10,973 | 10,846 | 11,006 | 9,433 |
| Total CFR | 24,825 | 19,361 | 20,256 | 20,720 | 19,147 |

Previous legislation required the Council to set aside a proportion of its capital receipts to repay debt, which has meant that the Council's debt levels have traditionally been falling year on year. However, with the introduction of the 'pooling system' for housing capital receipts from 1st April 2004, it is expected that debt levels will not significantly reduce.

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.

| <i>Net Borrowing</i> | <i>2002/2003 Actual</i> | <i>2003/2004 Actual</i> | <i>2004/2005 Actual</i> | <i>2005-06 Budget</i> | <i>2005-06 Actual</i> |
|----------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Gross Borrowing | 25,381 | 19,270 | 18,493 | 18,678 | 18,679 |
| Investments | (10,756) | (12,890) | (14,593) | (30,142) | (28,580) |
| Net Borrowing | 14,625 | 6,380 | 3,900 | (11,464) | (9,901) |

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.

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.

| <i>Authorised Limit</i> | <i>2002/2003 Actual</i> | <i>2003/2004 Actual</i> | <i>2004/2005 Actual</i> | <i>2005-06 Budget</i> | <i>2005-06 Actual</i> |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Borrowing | n/a | n/a | 18,493 | 30,000 | 18,679 |
| Long Term Liabilities | n/a | n/a | - | - | - |
| Total | n/a | n/a | 18,493 | 30,000 | 18,679 |
| <i>Operational Boundary</i> | <i>2002/2003 Actual</i> | <i>2003/2004 Actual</i> | <i>2004/2005 Actual</i> | <i>2005-06 Budget</i> | <i>2005-06 Actual</i> |
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Borrowing | n/a | n/a | 18,493 | 22,000 | 18,679 |
| Long Term Liabilities | n/a | n/a | - | - | - |
| Total | n/a | n/a | 18,493 | 22,000 | 18,679 |

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.

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>2002/2003 Actual</i> | <i>2003/2004 Actual</i> | <i>2004/2005 Actual</i> | <i>2005-06 Budget</i> | <i>2005-06 Actual</i> |
|--|-------------------------|-------------------------|-------------------------|-----------------------|-----------------------|
| Housing | 37.5% | 34.7% | 31.8% | 33.2% | 44.8% |
| Non-Housing | 9.6% | 7.2% | 5.6% | -1.6% | 0.5% |

Incremental Impact of Capital Investment Decisions on the 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.

| <i>Incremental Impact of Capital Programme</i> | <i>2005-06 Budget</i> | <i>2005-06 Actual</i> |
|--|-----------------------|-----------------------|
| Council Tax at Band D | £0.78 | £0.00 |
| Council Tax at Band A | £0.52 | £0.00 |

Incremental Impact of Capital Investment Decisions on Housing Rent Levels

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. This reflects the revenue contribution that is made to support the Housing Capital Programme.

| <i>Incremental Impact of Capital Programme</i> | <i>2005-06 Budget</i> | <i>2005-06 Actual</i> |
|--|-----------------------|-----------------------|
| Weekly Housing Rent | £4.52 | £4.11 |

TREASURY PRUDENTIAL 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.

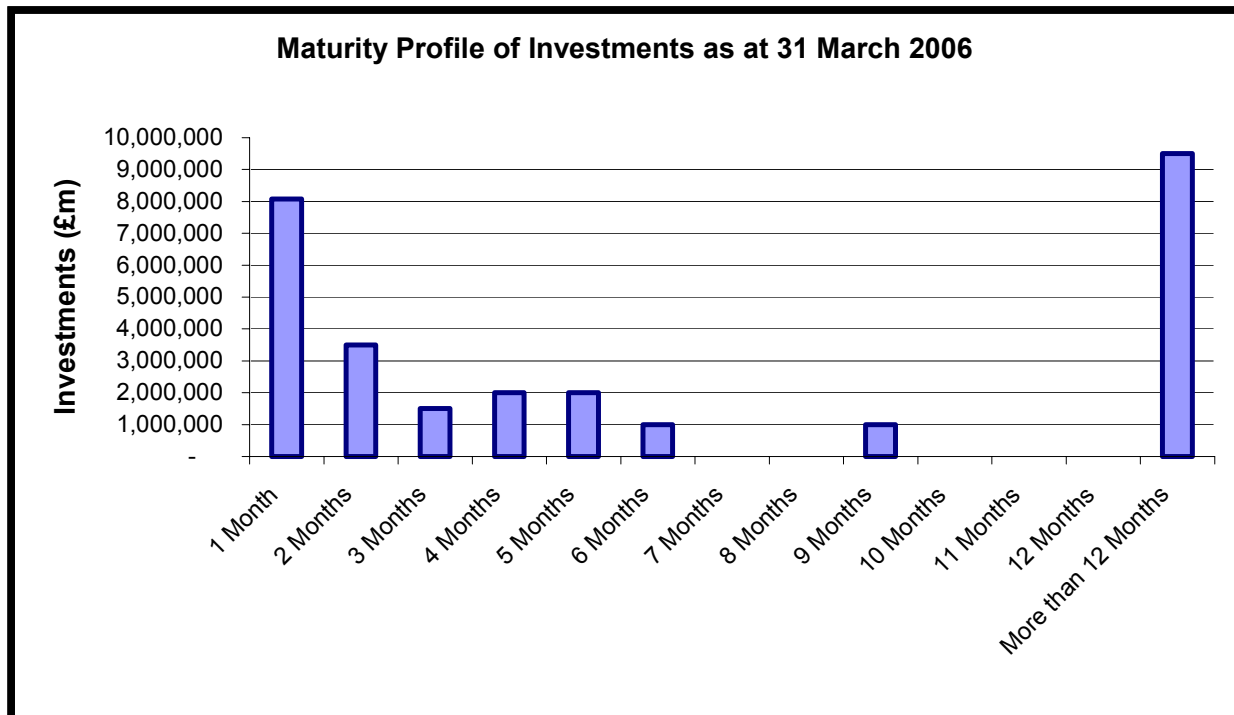
Actual performance at the year end is as follows:

| <i>Treasury Indicators</i> | <i>2005-06 % of debt Budget</i> | <i>2005-06 % of debt Actual</i> |
|--|---|---|
| Upper Limits on Fixed Interest Rates | 100 | 100 |
| Upper Limits on Variable Interest Rates | 50 | 50 |
| Maturity Structure of Fixed Borrowing | | |
| Under 12 months | 50 | 50 |
| 12 months to 2 years | 50 | 50 |
| 2 years to 5 years | 50 | 50 |
| 5 years to 10 years | 50 | 50 |
| 10 years and above | 100 | 100 |
| Upper Limit on Principal Sums Invested for more than 1 year (£m) | 75 | 75 |

APPENDIX D

MATURITY PROFILE OF EXTERNAL INVESTMENTS AT 31 MARCH 2006

| Period to Maturity | Value of Investment (£) | % Total Investments |
|---------------------|-------------------------|---------------------|
| Up to 1 Month | 8,080,000 | 28 |
| 2 Months | 3,500,000 | 12 |
| 3 Months | 1,500,000 | 5 |
| 4 Months | 2,000,000 | 7 |
| 5 Months | 2,000,000 | 7 |
| 6 Months | 1,000,000 | 3.5 |
| 7 Months | - | - |
| 8 Months | - | - |
| 9 Months | 1,000,000 | 3.5 |
| 10 Months | - | - |
| 11 Months | - | - |
| 12 Months | - | - |
| More than 12 months | 9,500,000 | 34 |
| | 28,580,000 | 100% |



Item 7

REPORT TO COUNCIL

29th September 2006

REPORT OF DIRECTOR OF NEIGHBOURHOOD SERVICES

Portfolio: Housing

Sedgefield Borough Housing Strategy 2006/7 –2008/9

Developing a Fit for Purpose Housing Strategy

1.0 **SUMMARY**

- 1.1 The Borough Council's last Housing Strategy covered the period 2003/4 – 2006/7 and provided the Council with a robust basis to develop its response to range of emerging housing and housing related support issues in the Borough.
- 1.2 Since the adoption of this last Strategy, the Government has significantly changed its approach to the development of Housing Strategies. The Government wish to see all local housing authorities adopt a housing strategy, which is "fit for purpose" i.e., meets certain requirements in terms of key content and monitoring arrangements.
- 1.3 The attached Sedgefield Borough Housing Strategy 2006/7 –2008/9 has been developed to take account of the national, regional and local policy issues and priorities. The Strategy has established clear links to the Council's Corporate Plan and the Local Strategic Partnership's Community Strategy. The Housing Strategy has been submitted to the Government Office for the North East for assessment against the "fit for purpose" standard, and it has been signed off as meeting standard.

2.0 **RECOMMENDATIONS**

- 2.1 That the Sedgefield Borough Housing Strategy 2006//7 – 2008/9 be adopted.

3.0 **Sedgefield Borough Housing Strategy 2006/7 -2008/9**

- 3.1.1 The Borough Council's last Housing Strategy covered the period 2003/4 – 2006/7 and provided the Council with a robust basis to develop its response to range of emerging housing and housing related issues in the Borough. Since the adoption of the Strategy there has been significant changes both at a national regional and local levels in the issues facing housing. The importance that housing and housing related services can play in delivering sustainable communities and neighbourhood renewal has been recognised in number of key policy statements including the Sustainable Communities Plan, The North Way

Growth Strategy, Regional Housing Strategy and Regional Spatial Strategy.

- 3.1.2 The “fit for purpose” standard for housing strategies has seen a shift towards a shorter more accessible document which aims to provide the non specialist reader with a clear understanding of the Council’s key priorities for action and it’s future plans. The new Hosuing Strategy has been developed in light of these changes and is a document of 25 pages supported by a number of “hyperlinked” documents that provide detailed background information on key issues.
- 3.1.3 The Housing Strategy takes account of the Council’s ambitions articulated in the Corporate Plan and the vision for the Borough set out in the Local Strategic Partnership’s Community Strategy.
- 3.1.4 The Housing Strategy 2003/4 – 2006/7, aim for housing and housing services in the Borough was:-

‘To provide a comprehensive, customer focused housing service, which makes a positive contribution to the achievement of strong and sustainable local communities.’

The new Housing Strategy retains this aim but recommends a change to the objectives that underpin it, to reflect those set out in the North East Regional Housing Strategy (NERHS) July 2005. The driver for this is change is the way in which resources are allocated to local housing authorities to support their housing programmes. The Regional Housing Board is responsible for the allocation of all non Housing Revenue Account housing resources in the North East. They have cleared articulated that the future allocation of resources will be linked to the contribution that local housing authorities play in delivering the objectives set out in its Regional Housing Strategy. The Council has already aligned many of its priorities to these objectives and benefited with a successful Single Housing Investment Programme (SHIP) bid for 2006/7-2007/8 of £2.5m. The Regional Housing Strategy’s objectives have a good strategic fit with the priorities for action facing the Borough. Given this fact and to ensure that the Council continue to be in a position to maximise the opportunities to bid for external funding it is appropriate to adopt the Regional Housing Strategies objectives:-

- To **rejuvenate the housing stock** to meet 21st Century aspirations, replacing market failure with high quality housing in the right locations to help create successful, cohesive and sustainable communities.
- To ensure the **type and mix of new housing provides choice**, supports economic growth and meets housing needs and demand. This will reflect the diversity of urban and rural communities and the needs for affordable, family and prestige housing.
- To secure the **improvement and maintenance of existing housing** so that it meets required standards, investing in sustainable neighbourhoods.
- To promote good management and targeted housing investment to address **specific community and social needs**, including an ageing population and the needs of minority communities; this will be

integrated with the Supporting People programme and promote greater community involvement.

- 3.1.5 The Housing Strategy has been developed based both on the key legal, policy changes and evidence-based assessments of need. This has seen the development of 14 key priorities for action grouped under the 4 objectives. Each priority is supported by number of key actions.
- 3.1.6 The delivery of the Housing Strategy will be monitored through the Council's performance monitoring framework and an annual update will be produced linked to the publication the Corporate Plan.

4. **RESOURCE IMPLICATIONS**

- 4.1 The development and adoption of the Housing Strategy 2006/7 –2007/8 has no direct resource implications.

5. **CONSULTATIONS**

- 5.1 Consultation has occurred with residents, partners and other stakeholders on the development of the Strategy.

6. **OTHER MATERIAL CONSIDERATIONS**

Links to Corporate Ambitions / Values

The Community Strategy Outcomes include a Borough with Strong Communities where residents can access a good choice of high quality housing. The Council's ambitions, which mirror those in the Community Strategy outcomes and are articulated through the Corporate Plan and the Medium Term Financial Plan. Our ambitions include delivering a Borough with Strong Communities the Housing Strategy has a direct contribution to the delivering these ambitions.

Risk Management

The delivery of the discrete elements of the Hosuing Strategy will be subject to appropriate risk management controls.

Health and Safety

There are no additional health and safety implications over and above those for existing staff of the Borough Council.

Equality and Diversity

Full account has been taken of the Borough Council's obligation to promote equity and diversity in the development of the Strategy. Copies of the Strategy will be made available in other languages, braille and formats if requested

Legal & Constitutional

“No new implications have been identified”.

7. **OVERVIEW AND SCRUTINY IMPLICATIONS**

7.1 There are no overview and scrutiny implications.

Contact Officer **Ian Brown**
Telephone Number 01388 816166 Ext. 4462
E-mail address ianbrown@sedgefield.gov.uk

Background Papers:

Feedback on Sedgefield Borough Councils Housing Strategy and Business Plan for the Housing Revenue Account submission 2003
Fit for Purpose Housing Strategy Guidance Office of the Deputy Prime Minister
Audit Commission Housing Key Lines of Enquiry

| 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"/> |

SEDGEFIELD BOROUGH COUNCIL

HOUSING STRATEGY 2006/2007 – 2008/9



*“Working towards a more healthy, prosperous and attractive
borough with strong communities”*

HOUSING STRATEGY

2006/2007 – 2008/9

“Working towards a more healthy, prosperous and attractive borough with strong communities”

| CONTENTS | | <u>PAGE</u> |
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| Section 2 | Corporate Context and Wider Priorities | <u>5</u> |
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Quality Services For Local People

“Working towards a more healthy, prosperous and attractive Borough with strong communities”

Foreword

Our Local Strategic Partnership's ambitions set out in the Community Strategy **Vision for Sedgefield Borough in 2014** is to ensure that Sedgefield Borough is a place where...

- People can live healthy, active and fulfilling lives as part of vibrant and strong communities
- High quality businesses can prosper and local people have the confidence and skills to access the jobs that they offer
- The natural and built environment is valued, conserved and enhanced
- People can access the housing they want in attractive and safe neighbourhoods

In summary, we want Sedgefield to be a Borough that is prosperous, attractive and healthy, with strong safe communities. We have adopted these ambitions for the Council and this Housing Strategy will have a significant role in helping us deliver our vision.

The Housing Strategy looks forward over the next three years to 2008/2009 and the Council makes no apology for its ambitious nature. The issues of poverty, neighbourhood blight, decline and issues of housing stress require us to tackle the root causes of these problems, rather than simply treating the symptoms. Sedgefield Borough Council is committed to continuing the work undertaken to date on championing the cause of all residents in all tenures across the Borough.

The Council through its role as a partner in Local Strategic Partnership will seek to support the delivery of these ambitions through effective joint working. We have recently completed an ambitious master planning exercise for three of our communities facing the issue of housing market decline. We will be focusing our energies on delivering real change in these communities over the coming months and years.

We can improve the lives of our citizens and ensure we have strong safe communities where people can access housing they require in an attractive environment, by working together with our partners and through cross-boundary solutions to housing problems in the area



A handwritten signature in black ink, appearing to read 'R S Fleming'.

Councillor R S Fleming
Leader of the Council



A handwritten signature in black ink, appearing to read 'W. Waters'.

Councillor W. Waters
Portfolio Holder for Housing



A handwritten signature in black ink, appearing to read 'Brian Allen'.

Brian Allen
Chief Executive

Quality Services For Local People

“Working towards a more healthy, prosperous and attractive Borough with strong communities”

How to use this Strategy

The Government in March 2006 revised its approach to the development of housing strategies away from long documents often in excess of 40 pages of text to a shorter more over arching document. Taking a lead from this change we have tried to make our Housing Strategy, an easy document for people to read and understand of 25 pages. This “how to use” it guide will help any body with an interest in housing and communities in Sedgefield Borough, get the best out of this document. This Housing Strategy brings together many elements of work in the Borough that relate directly to housing and the provision of housing services. It is a starting point for understanding housing in the Borough, the issues facing the Borough and our priorities over the next 3 years. The Council would be happy to provide more information on each of the topics covered in this Strategy if required.

What Is A Housing Strategy

A Housing Strategy brings together all the issues around housing and housing services into a single document. It sets out how we intend to improve housing across the Borough and the contribution we can make with others to ensure our communities are sustainable, clean, safe and pleasant places to live.

What Is In The Housing Strategy

This Housing Strategy is made up of six sections:

Section One - is this section that explains how to use this document.

Section Two - tells you about the importance housing plays in the operation of the Council, how we have developed our strategic role in relation to housing and how we are addressing changes in policy and legislation.

Section Three - tells you how we work with our partners and consult with our residents to deliver our plans.

Section Four – tells you how we developed our priorities for intervention through analysing need in the Borough

Section Five – tells you what the Council’s future priorities for action are, how we are seeking to address key Government policy issues and which options we have chosen where more than one solution exists.

Section Six - tells you how we will monitor and report on the progress we make in delivering our Housing Strategy.

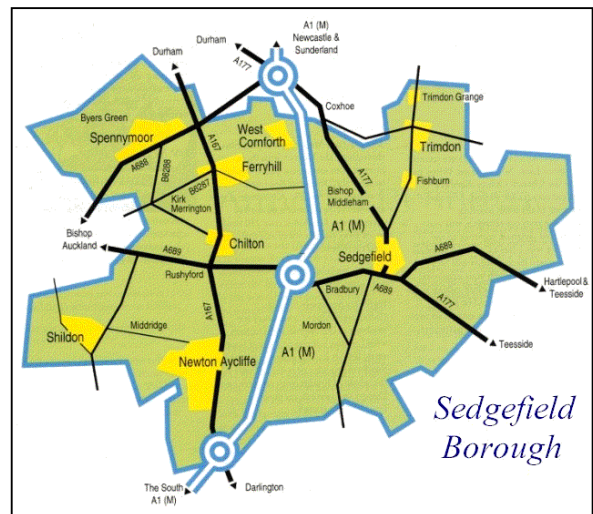
More information on our Housing Strategy can be obtained by contacting the Neighbourhood Services Department.

Section

2

Corporate Context and Wider Priorities

Sedgefield Borough is situated in the South of County Durham in the North East of England, between Durham City and Darlington. Covering some 217 sq. km, almost 80% of the 87,206 residents (2001 Census) live within the four towns of Newton Aycliffe, Spennymoor, Shildon and Ferryhill, which provide the main focus for employment, shopping and leisure. Newton Aycliffe is a former 'New Town' and the others have developed around iron, coal and railway industries. In contrast to these urban centres, the Borough also contains small historic villages (some of Saxon origin) and coalfield communities in the more rural eastern part of the Borough. The population within Sedgefield has fallen by 4.3% since the 1991 Census compared to the North East average of 2.8%, due largely to economic migration. The departure of young families and longer lives has resulted in an increasingly ageing population within the Borough, with more than twice the number of people aged over 65 than aged under 5. At the 2001 Census the population was 99.3% white, compared to the regional average of 97.6%.



Strategic framework

Many issues drive the Council's strategy development including this housing strategy e.g. the socio-economic circumstances of local people, community aspirations identified through consultations, the policy directives of national government and regional governance structures and the Council's capacity and resources.

The key socio-economic factors influencing the quality of life of local people across the Borough are set out below...

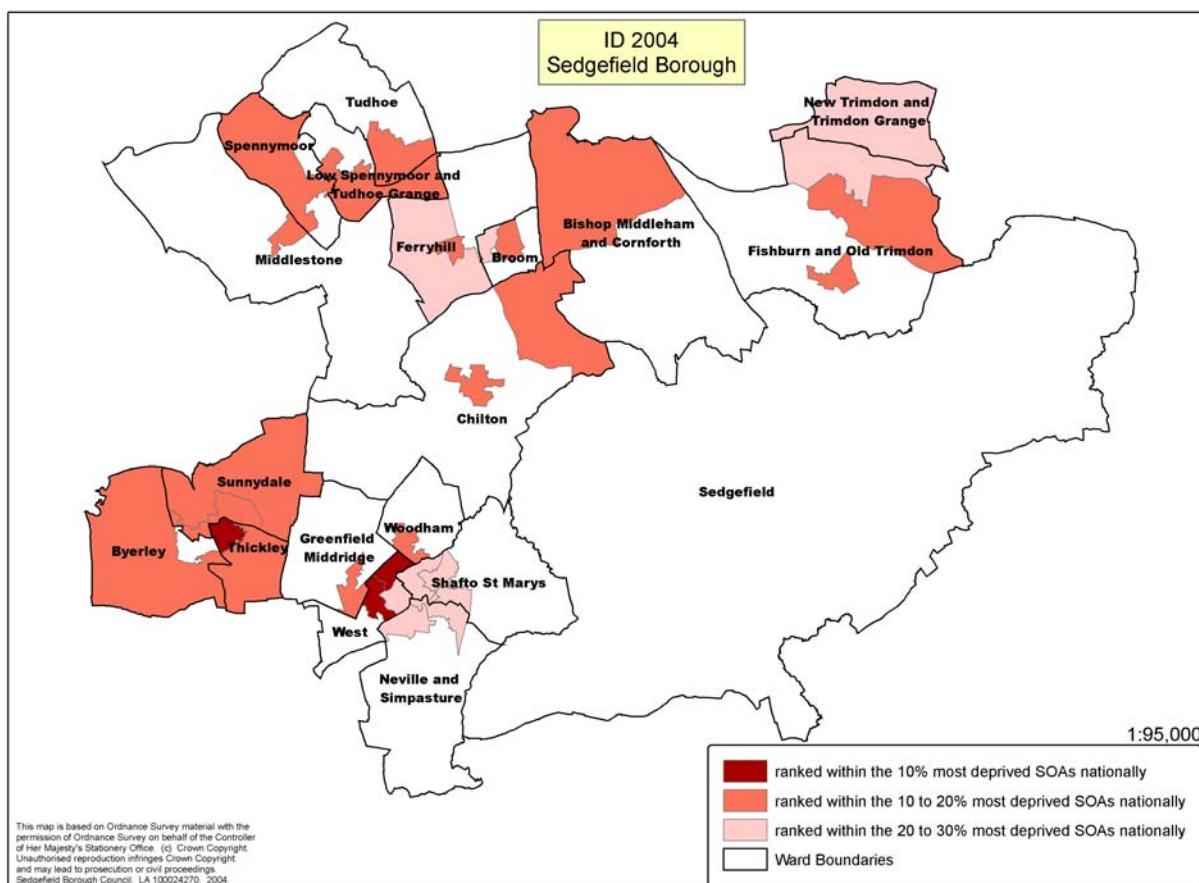
- ❑ **Health deprivation** –high levels of ill health, long-term illness and a lower than average life expectancy, with 18 of the Borough's 19 wards containing areas amongst the worst 10% in the country for health-related issues.
- ❑ **An ageing population** – more residents over 60 years of age than children aged under 14, placing significant demands on services for the elderly.
- ❑ **Low educational and skills attainment** – with less young people achieving 5 A*-C GCSE passes than the national average and a significant proportion of adults lacking basic literacy and numeracy skills.
- ❑ **Worklessness** –low unemployment masking economic inactivity rates much higher than the national average, with means-tested benefits providing a major source of income for a significant proportion of the population.

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- ❑ **Narrow employment base** –manufacturing sector twice that of North East and National average and therefore more vulnerable to global economic pressures.
- ❑ **Sustainability of the Borough’s towns and villages** – some settlements and main town centres are struggling to maintain their competitiveness in the light of changing shopping patterns.
- ❑ **Access to key services** – is often difficult, particularly for residents in the outlying areas of the Borough.
- ❑ **Community development** – development and support are required to increase the aspirations and participation of residents in their communities
- ❑ **Reassurance** – real successes in addressing issues such as community safety need to be better communicated to local communities.

The types of deprivation outlined above can affect anyone across the Borough but tend to cluster in certain neighbourhoods. The Indices of Deprivation 2004 identifies three of the Borough’s 56 Super Output Areas (areas of around 1,000 residents constructed to allow statistical comparison) as within the 10% most deprived nationally across a range of factors and 18 of the Boroughs 19 wards containing SOAs within the 30% most deprived. The Borough was one of the original 88 areas allocated Government Neighbourhood Renewal Funding on the basis of the extent of multiple deprivation in the area and is scheduled to receive a further allocation of £2m over the 2006-2008 period.



Error!

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How we have developed our Housing Strategy

We have taken account of national policy and set this against regional and sub regional priorities. The wider contribution housing can make to sustainable communities has been considered including the tackling crime, antisocial behaviour, social inclusion, supporting people and economic regeneration.

The view of our partners and stakeholders are central to this Housing Strategy.

We have used a range of good quality data including stock condition surveys, housing needs studies, the emerging Housing Market Assessment study along with clear links to our Local Development Framework to inform this Housing Strategy.

The National Context

Housing has been recognised through the national policy agenda as a vital element in promoting sustainable communities and contributing to social inclusion. These national priorities have been set out since 2000 when the Governments *White Paper Quality and Choice; A Decent Home for All* was published. Its prime aim is to offer everyone the opportunity for a decent home, to promote social cohesion, well-being and self-dependence.

This was further reinforced in the '*Communities Plan – Sustainable Communities: Building for the Future*', which clearly defines the vision for creating thriving, sustainable communities in all regions. The Communities Plan recognised the challenges facing the different regions of the country are diverse and that a "one size fits all" policy response will not work. This was reinforced by the recent publication of the Communities Plan daughter document '*Creating Sustainable Communities – Making It Happen: The Northern Way*.' The move to the development of regional priorities will help address the unique challenges facing each area.

The Reflecting Regional Perspective For Housing In The North East

The regional perspective plays a key role in informing local housing strategies and whilst our Housing Strategy's aim is:-

'To provide a comprehensive, customer focused housing service, which makes a positive contribution to the achievement of strong and sustainable local communities.'

The publication of the North East Regional Housing Strategy (NERHS) in July 2005 is a key document that sets out a fundamental approach to the future of housing at a regional level and has four key aims, we have therefore aligned our Housing Strategy to ensure we contribute effectively in the delivery of these objectives.

- To **rejuvenate the housing stock** to meet 21st Century aspirations, replacing market failure with high quality housing in the right locations to help create successful, cohesive and sustainable communities.

- To ensure the **type and mix of new housing provides choice**, supports economic growth and meets housing needs and demand. This will reflect the diversity of urban and rural communities and the needs for affordable, family and prestige housing.
- To secure the **improvement and maintenance of existing housing** so that it meets required standards, investing in sustainable neighbourhoods.
- To promote good management and targeted housing investment to address **specific community and social needs**, including an ageing population and the needs of minority communities; this will be integrated with the Supporting People programme and promote greater community involvement.

Corporate Context

The Local Strategic Partnership's ambitions for the Borough is set out in the Community Strategy a **Vision for Sedgefield Borough in 2014**.



Sedgefield Borough
Local Strategic Partnership

To ensure that Sedgefield Borough is a place where...

- ❑ People can live healthy, active and fulfilling lives as part of vibrant and strong communities
- ❑ High quality businesses can prosper and local people have the confidence and skills to access the jobs that they offer
- ❑ The natural and built environment is valued, conserved and enhanced
- ❑ People can access the housing they want in attractive and safe neighbourhoods

We have adopted the ambitions of the Community Strategy as our own Corporate Ambitions, and have identified the 12 areas (Community Outcomes) to which we, as a Council, can have maximum influence. This housing strategy's aims can influence the delivery of many of the Council's Corporate Ambitions through the cross cutting nature of housing.

| COMMUNITY STRATEGY VISION | Sedgefield Borough Council Corporate Ambition | Community Outcome |
|--|---|--|
| People can live healthy, active and fulfilling lives as part of vibrant and strong communities | A HEALTHY BOROUGH | Safeguarding public health Promoting independent living Creating leisure opportunities |

Quality Services For Local People

"Working towards a more healthy, prosperous and attractive Borough with strong communities"

| COMMUNITY STRATEGY VISION | Sedgefield Borough Council Corporate Ambition | Community Outcome |
|--|--|---|
| | | Promoting cultural activities |
| High quality businesses can prosper and local people have the confidence and skills to access the jobs that they offer | A PROSPEROUS BOROUGH | Promoting business and employment opportunities Maximising learning opportunities Tackling disadvantage and promote social regeneration |
| The natural and built environment is valued, conserved and enhanced | AN ATTRACTIVE BOROUGH | Ensuring a cleaner, greener environment Improving towns, villages and the countryside Reducing waste and managing natural resources |
| People can access the housing they want, in attractive and safe neighbourhoods | A BOROUGH WITH STRONG COMMUNITIES | Securing quality sustainable housing Promoting safer neighbourhoods |

Underpinning everything we do are the Corporate Values of the Council, which recognise and enhance our position as a modern local authority, both as a provider and an enabler of service provision. These Corporate Values are:

| CORPORATE VALUES |
|---|
| <ul style="list-style-type: none"> <input type="checkbox"/> <i>Be open, accessible, equitable, fair and responsive to the public</i> <input type="checkbox"/> <i>Invest in our people [employees]</i> <input type="checkbox"/> <i>Be responsible with and accountable for public finances</i> <input type="checkbox"/> <i>Achieve continuous improvement and innovation in service delivery</i> <input type="checkbox"/> <i>Engage local communities</i> |

The Wider Housing Priorities for Sedgefield Borough

Through working with our stakeholders and partners and taking account of the wider socio economic factors set out earlier in this chapter, we have identified the key broad housing priorities for the Borough these are:-

- We have areas of housing market failure where we need to deliver significant regeneration and renewal of the housing stock and support community cohesions.
- Demand for our social housing continues to rise whilst the availability of housing reduces due to the impact of the Right to Buy legislation.
- We have growing issues of affordability in some of our communities.
- Ensuring the delivery of decent homes in the social rented sector and assisting vulnerable house holds in the private sector to live in decent homes.
- The energy efficiency of our homes remains poor in the private sector.
- The private rented sector is having a significantly detrimental affect on some local communities.
- We have an aging population with underlying issues of long term ill health and disability, requiring increasing levels of housing related care and support.
- We have had high levels of homelessness that we continue to seek to address through developing our prevention role and providing effective support mechanisms.

We have recognised that there are a number of other policy issues that we must address through this strategy if we are to fully contribute to the deliver of the Regional Housing Strategy's aims and the wider national aspirations for sustainable communities. These additional priorities for action are considered in more detail in [Section 5](#).

How the Council will deliver its Housing Strategy

The Council completed its options appraisal for the future of its housing stock in 2003 with a preferred option of Large Scale Voluntary Transfer. The Council restructured separating its housing strategy and enabling function from the landlord services in 2004. Following a ballot in 2005, when the tenants of the Council voted to remain with the Council, the landlord function remained "in house" and we are closely working together to ensure the delivery of the decent homes target and high quality housing services.

The Housing Act 2004

The Housing Act 2004 represents a significant challenge and opportunity for the Borough in assisting to deliver this strategy. We have embraced this challenge and have implemented the Housing Health and Safety Rating System. We have reviewed our housing stock in light of the mandatory licensing provisions for House in Multiple Occupation and we will seek to use selective licensing of the private sector where it can help us tackle issue of low demand and Anti Social Behaviour.

The Council has a consistent track record in developing effective partnerships across all service areas. We recognise we can not deliver this Housing Strategy and our ambitions for the Borough without effective partnership working. Set out below are the key Partnerships that we are currently engaged in along with a number of examples of successful projects.

- **County Durham Supporting People Partnership** - we are part of the Countywide Partnership and contributed directly to the development of the 5-year Supporting People Strategy.
Developed the 5 year County Durham Supporting People Strategy.
Implemented the Value Improvement Programme for Community Alarms.
- **Partnership Board for Services to Vulnerable Adults** we are a constituted member of the Board and have been an integral part of the development of the integrated teams for vulnerable adults bringing together health, social services and housing staff in to provide a single point of contact for the needs of this group
Successfully implemented an innovative approach to joint work with Housing, Health and Social Care staff in 5 area based teams.
- **Durham Coalfields Housing Renewal Partnership** is developing an approach to the intervention in the older private sector Coalfield communities across the county. The Council have been a member since its inception over three years ago.
Successful Partnership bids for funding to the Single Housing Investment Programme Rounds 1 and 2.
Supported the Durham Coalfields research programme to identify the key Coalfield Communities for regeneration across the County.
Successfully bid on behalf of the partnership to "ONE" for funding to allow the partnership to employ a Project Director.
- **Sedgefield Residents and Tenants Federation** is a partnership between the resident and tenant organisations across the Borough and the Council, to ensure effective service delivery to address the priorities of our communities.
- **County Durham Homeless Action Partnership** the Council is member of this County wide group with the aim of delivering effective interventions to tackle homelessness.
Adopted a Joint Protocol for Young Homeless based on a model of good practise developed by Sedgefield Borough.
Implement a County wide mediation service for young people and their families to prevent homelessness.
- **Durham Housing Market Assessment (HMA) Partnership** we are part of the Group that is leading on the completion of the HMA for County Durham to enable us to understand how our Housing Markets operate across boundaries.
Phase 1 of the HMA completed Phase 2 to be completed later in 2006.
- **Durham Housing and Neighbourhood Groups (Challenge 9)** whilst not strictly a partnership the group consists of the Directors of Housing in the County and leads on cross cutting issues.

-
- *Agreed to implement a single Travellers Housing Needs Assessment for County Durham to be completed later in 2006.*

| |
|---------|
| Section |
| 4 |

Needs Analysis

We identified our broad priorities for intervention earlier in this Strategy through consultation with our stakeholders, partners and taking account of national and regional policy. In this section of the strategy we have identified the key evidence that has been used to confirm these priorities and the additional policy related priorities that we seek to address. This evidence has been used to develop the action plan to take forward the Housing Strategy over the next 3 years.

The evidence we have used to develop our priorities has also been used to support the recent [LSP's Thematic Review of Housing](#). This document has a whole range of useful supporting information for readers of our Housing Strategy. The Council's recently updated [Corporate Plan](#) is also useful source of background information.

The Council is part of the County Durham Housing Market Assessment Group and we have recently completed [phase 1 of the HMA study](#). This information has been used to inform a number of sub regional studies which have been undertaken by the [Durham Coalfield Housing Renewal Partnership](#) which have informed our approach to renewal of failing housing markets in our priority communities for intervention.

Our current [private sector stock condition survey](#) has further supported our understanding of the housing market in the Borough.

Issues of low demand and housing renewal are a key priority for the Council in the priority communities of Dean Bank, Ferryhill, Ferryhill Station and Chilton West. The Council working with key partners and stakeholders has recently completed the development of a [master plan study](#) which will drive forward housing renewal in these communities.

The Borough Council submitted [Single Housing Investment Programme bids](#) to support its proposed strategic interventions and support for vulnerable households. The bids attracted significant resources to the Borough of £2.4m over the next two years.

The Council recognises the need to work with the Housing Corporation and Registered Social Landlords to meet the housing needs of specific groups and to deliver our aspirations for housing renewal. We have recently implemented a partnership approach to the development of a brownfield site in at Hawkshead Place Newton Aycliffe, this model of working will be used in the development of other sites where appropriate and to support housing market renewal in our priority communities. This approach will deliver new bungalows for rent and shared ownership properties without the need for grant support from the Housing Corporation. We will continue our dialogue with the Housing Corporation to ensure that we maximise investment opportunities for the Borough.

The Borough Council completed an [Urban Capacity Study](#) in 2003, and we will be carrying out a housing land availability assessment during 2007. Whilst our performance on the use of Previously Developed Land (PDL) declined during 2005/6 to 45% from 76.5%, we have prioritised the development of PDL.

The issue of affordability has become more acute recently across the Borough and our [Housing Needs Study](#) completed in 2003 and [updated](#) in 2005, provide an early indication of this emerging issue. The Council is currently undertaking a [Scrutiny Review of affordable housing provision](#), which will support the development of a Supplementary Planning Document to be adopted in 2007 by the Council. The Council in the interim is negotiating with developers to ensure that affordable housing provision is considered as part of the planning process. The Council's draft [Local Development Framework \(LDF\) Core Strategy Options](#) document provides further details on our proposed approach to the issue of affordable housing and rural housing provision.

The Council's will achieve the Decent Homes standard by 2010 for its own housing stock and we have adopted a [delivery plan](#) to ensure we monitor our progress to the standard current 63% of our stock is decent. The Council has adopted the [Regional Housing Strategy's target](#) for addressing the decent homes standard in the private sector. The number of vulnerable households in the private sector in the Borough is estimated at 6,205, of which 3,698 are living in decent homes (58.4%). To meet the PSA7 target 956 households would have to move into the Decent Homes category by 2020/2021 (4,654). This would be regarded as minimum standard as the Community Strategy aspires to achieve Decent Homes across all tenures. Through our [Capital Programme](#) and [Housing Renewal Assistance Policy](#) we have prioritised the delivery of this target.

The Borough has some of the highest levels of ill health and disability in the Country identified through our Housing Needs Study and IMD data. We have prioritised the development of suitable interventions to support this client group including the establishment of national recognised [Integrated Teams for Vulnerable Adults](#), development of a Charter marked [Home Improvement Agency](#) and expansion of our accredited [Community Alarm service](#).

The Council own housing stock has a Standard Assessment Rating of 69 and the private sector 53. The Council works in partnership with Warm Front, its HIA, Age concern and others to tackle the issue of badly heated and insulated homes. The Council has committed additional resources through its [capital programme](#) to further enhance the work in regard to energy efficiency.

The Council has developed a [Housing Care and Support Strategy](#), which provides a range of useful information on the needs of older residents of the Borough. We are currently reviewing this document.

The Borough Council had seen [significant increases](#) in the level of homeless over the last three years in common with most local authorities in the North East. The Council adopted a [Homelessness Action Plan](#) to address this issue and we have seen a 55% reduction in application through our focus on prevention of homelessness. We are currently reviewing our [homeless strategy](#), which was produced in 2003.

We have used this information to refine our priorities the following 14 key objectives linked to the Regional Housing Strategy's 4 aims.

“To rejuvenate the housing stock to meet 21st Century aspirations, replacing market failure with high quality housing in the right locations to help create successful, cohesive and sustainable communities.”

- Understanding the Housing Market
- Tackling Low Demand and Housing Renewal

*“To ensure the **type and mix of new housing provides choice**, supports economic growth and meets housing needs and demand. This will reflect the diversity of urban and rural communities and the needs for affordable, family and prestige housing.”*

- Working with the Housing Corporation to deliver new housing in the Borough
- Effective use of Previously Developed Land for Housing
- Affordable and Rural Housing provision

*“To secure the **improvement and maintenance of existing housing** so that it meets required standards, investing in sustainable neighbourhoods.”*

- Achieving Decent Homes – Social and Private Sector
- Adapting Properties for the Disabled and Elderly
- Improving energy efficiency of the housing stock

*“To promote good management and targeted housing investment to address **specific community and social needs**, including an ageing population and the needs of minority communities; this will be integrated with the Supporting People programme and promote greater community involvement.”*

- Meeting the Housing, Care and Support Needs of Vulnerable Household
- Preventing Homelessness
- Effective use of the existing housing stock
- Tackling Anti Social Behaviour – the Respect Agenda
- Choice Based Lettings – providing choice for social housing tenants
- Meeting the needs of Gypsy and Travellers

Section**5****Our Priorities**

Our key actions over the three year life this strategy are linked to our key priorities and the national and regional policy requirements. We have set out below under each priority heading the current position on each objective, our next key action and a timescale for completing the action. The Housing Strategy's actions set out below have been adopted as part of the Council's [Corporate Plan](#) and the [strong communities appendix](#) provides information on progress across a range of key housing priorities and future actions and are part the relevant Departments [Service Improvement Plans](#). This "action plan" will be used to monitor and review the strategy annually in accordance with the approach set out in Section 6 of the Strategy.

Understanding the Housing Market

The Durham Housing Market Assessment (HMA) Partnership completed phase 1 of the HMA in March 2006. We have jointly commissioned Phase 2 of the HMA with the other County Durham Housing Authorities. To continue our understanding of the local housing market we completed a Housing Needs Study in 2003 updated in 2005 and a Stock Condition Survey in 2003.

| Key Actions | Target Date |
|--|---------------|
| Complete Phase 2 Durham Housing Market Assessment | December 2006 |
| Carry out Housing Needs and Stock Condition Survey | December 2007 |

Tackling Low Demand and Housing Renewal

Working with the Durham Coalfield Housing Renewal Partnership we completed a study into the priority communities for strategic intervention across County Durham. 13 communities were identified as a priority for intervention and 3 of these are in Sedgfield Borough – Dean Bank, Ferryhill, Ferryhill Station and Chilton West. The Council has completed a master planning exercise to develop detailed interventions for these communities; the Council has adopted the delivery of the regeneration of these communities as a key priority.

| Key Actions | Target Date |
|---|----------------|
| Preparation of Area Development frameworks for the priority communities as part of a sub regional funding bid | July 2006 |
| Approval and adoption of the master plan | July 2006 |
| Implement Private Sector Renewal Delivery Team | September 2006 |
| Implement Master Plan including Compulsory Purchase Orders for Ferryhill Station | December 2006 |
| Commence Chilton West Delivery Plan | December 2006 |
| Commence Dean Bank Delivery Plan | December 2006 |
| Develop and implement regeneration Special Purpose Vehicle | March 2008 |

Meeting the Housing, Care and Support Needs of Vulnerable Household

The Council is a member of the Durham County Council Supporting People Partnership and endorses the priorities set out in the 5 year strategy.

- Effective budget management,
- Development of Home Improvement Agencies,
- Consolidation of Domestic Violence services,
- Increasing the range of housing options for older people and people with learning disabilities,
- Improving services for the homeless,
- More work on needs mapping/monitoring of demand,
- Cross partnership development regarding equality and diversity,
- Improved communication and information sharing.

We have implemented a [national recognised](#) example of good practise bringing together housing, health and social care staff in to area based Integrated Team for Vulnerable Adults.

| Key Actions | Target Date |
|---|----------------|
| Support Service modernisation and integration through the Partnership Board for Vulnerable Adults | ongoing |
| Develop an Older Person Strategy sub regionally and locally | March 2007 |
| Complete the review of Community Alarms and Warden Services in County Durham as part of the Value Improvement Programme and implement | September 2007 |
| Achieve TSA accreditation part 3 (mobile responders) | March 2007 |
| Achieve the CSHS Code of practice for the Sheltered Housing Service | March 2007 |
| Achieve the Charter Mark for the Carelink Service | March 2007 |

Preventing Homelessness and providing support

The Borough Council have experienced rapidly increasing numbers of homeless applications and acceptances over the last 3 years in line with most Councils in the North East. We implemented an action plan in May 2005 to re focus our services on [prevention and housing advice](#). We have seen a [65% reduction in applications](#) and 45% acceptances in 2005/6 compared to 2004/5. We wish to sustain this improvement and meet the Government targets in relation to the reduction in use of temporary accommodation. We have introduced a Domestic Violence Accommodation service to provide additional housing options to the victims of domestic abuse.

| Key Actions | Target Date |
|--|----------------|
| Review Homelessness Strategy | September 2006 |
| Implement Homelessness Forum | October 2006 |
| Implement County wide mediation service | September 2006 |
| Adopt the changes to the Joint Protocol for Young Homeless | August 2007 |

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| | |
|---|------------|
| Implement a review of temporary accommodation usage | March 2007 |
|---|------------|

Effective use of Previously Developed Land for Housing

The Council completed an Urban Capacity Study in 2003, the Council has had a relatively low level of usage of previous developed land PDL 45%. However the renewal of older private sector housing along with the proposed Housing Land Assessment will identify additional PDL to enable us to aim to achieve the national target of 60% of new build on PDL.

| Key Actions | Target Date |
|---|---------------|
| Carry out Housing Land Available Assessment | December 2007 |

Working with the Housing Corporation to deliver new housing in the Borough

The Council and its Registered Social Landlord partners were unsuccessful in obtaining support for schemes submitted as part of the National Affordable Housing Programme 2006- 2008. The Council is committed to meeting the housing needs of its residents and will use innovative solutions wherever possible to deliver affordable and social housing in accordance with its priorities. However we recognise the importance of the role of the National Affordable Housing Programme. We will seek to ensure the Housing Corporation fully understand housing needs in the Borough and we will work with our RSL partners to develop schemes in advance of the next National Affordable Housing Programme.

| Key Actions | Target Date |
|---|---------------|
| Complete delivery of new social rented units at Hawkshead Place and Ferryhill Station | December 2008 |

Affordable and Rural Housing provision

Whilst Sedgefield Borough has had historically low house prices below the County and Regional average, we have seen a 140% increase in prices since 1995. At the same time average earnings have remained below that of County Durham and the Regional average. This has placed pressure on the affordability of housing for our residents. This has been compounded by the good transport links to major employment centres with higher house prices. The Council through the life of this strategy intends to implement action to address this emerging issue of affordability and lack of supply in both our larger towns and rural villages.

| Key Actions | Target Date |
|--|---------------|
| Complete the Overview and Scrutiny review of affordable housing in the Borough | November 2006 |
| Develop Supplementary Planning Policy Document on affordable housing | July 2007 |

Tackling Anti Social Behaviour – the Respect Agenda

The Council has reviewed and implemented new working arrangements to tackle Anti Social Behaviour irrespective of tenure. The Council has implemented a new ASB Panel, which includes representatives of the Housing Department Tenancy Enforcement Team and Homelessness and Housing Advice Service. The Housing Department has published its policy and procedures in relation to ASB and will become a signatory to the respect agenda in the Social Rented Sector when published later in 2006. The Council will implement selective licensing of the private rented sector where it can contribute to tackling ASB and low demand. We are currently carrying out a review of Community Safety and this will be used to inform our approach to tackling ASB when completed.

| Key Actions | Target Date |
|---|---------------|
| Develop a Community Safety Strategy for Sedgefield Borough Council | November 2006 |
| Develop & publish Anti-Social Behaviour Reduction Strategy | March 2007 |
| Implement selective licensing of the private rented sector as tool to contribute to developing sustainable neighbourhoods | December 2007 |

Achieving Decent Homes – The Social and Private Sector Challenge

The Council completed its Housing Stock Options Appraisal in 2003 and could meet the Decent Homes Standard for its housing stock by 2010 from available resources. The Council continues to make progress towards the target, currently 62.5% of Council homes are decent and the 2010 target will be achieved. The number of vulnerable households in the private sector in the Borough is estimated at 6,205, of which 3,698 are living in decent homes (58.4%). To meet the PSA7 target 956 households would have to move into the Decent Homes category by 2020/2021 (4,654). This would be regarded as minimum standard as the Community Strategy aspires to achieve Decent Homes across all tenures.

| Key Actions | Target Date |
|---|-------------|
| Review the Housing Renewal Assistance Policy to support the allocation of Private Sector Renewals and Grants on the Housing Strategy's priorities | July 2006 |

Effective use of the existing housing stock

Due to the increasing demand for housing in both the private and social sectors the effective use of our housing stock is a key element of meeting housing need in the Borough. We will review the use of our own housing stock through our allocation policy to ensure it is used effectively until the implementation of choice based lettings. We will work with the Registered Social Landlords in the Borough to meet housing need through effective nomination arrangement and use our powers in the Housing Act 2004 to bring empty homes back into use. We will work with the private rented sector to raise standards and ensure it can play an effective role in the meeting of housing needs across the Borough.

| Key Actions | Target Date |
|--|----------------|
| Complete a review of the Social Needs points as part of the ongoing review of the allocation of Council housing. | September 2006 |
| Complete the sign up of all RSLs in the Borough to written nomination arrangements. | July 2006 |
| Consider the implementation of Empty Dwelling Management Orders in the context of housing renewal as part of the master plan | November 2006 |

Improving energy efficiency of the housing stock

Much progress has been made to promote sustainable energy practices throughout the Borough in line with the Council's commitment to addressing climate change. Over 1700 private households in Sedgefield Borough benefited from energy efficiency measures in 2005 through the promotion of the Warm Front Durham Energy Savers and the Affordable Warmth schemes. We will continue to focus our attention on the affordable warmth over the life of this strategy. The Council housing stock has an average SAP rating of 69 and the private sector 53.

| Key Actions | Target Date |
|--|----------------|
| Raise Awareness of Opportunities and Implement Initiatives in Relation to Sustainable Energy Practices | Ongoing |
| To contribute to the use of energy efficient products as part of future private sector renewal schemes a pilot Group Repair Scheme to be complete. | September 2007 |

Choice Based Lettings (CBL) – providing choice for social housing tenants

The Council is the lead partner in a sub regional partnership to develop a CBL scheme for a number of local authorities and RSLs across the County Durham.

| Key Actions | Target Date |
|---------------------------------------|-------------|
| Implement Choice Based Letting Scheme | April 2008 |

Adapting Properties for the Disabled and Elderly

The Council through its Disabled Facilities and other Grants provide support for the adaptation of private homes in excess £600,000, the Council's Housing Department invests a further £750,000 in adaptations, we aim to ensure that these services are equitable easy to access and provide value for money.

| Key Actions | Target Date |
|--|--------------|
| Review the provision of Private Sector and Council Adaptation to ensure equity and value for money | October 2006 |

Meeting the needs of Gypsy and Travellers

County Durham has 6 travellers sites providing nearly 40% of the sites in the North East. The Borough Council has one site in its area with 24 plots, and is committed to meeting the Housing Needs of Gypsies and Travellers. Through the Housing and Neighbourhoods Group along with other County Durham Local Authorities undertaking housing needs assessment of travellers.

| Key Actions | Target Date |
|--|--------------------|
| Support the completion of the County Durham Gypsy and Travellers Housing Needs Study | October 2006 |
| To develop Development Planning Document in response to the Housing Needs Assessment | September 2007 |

Section
6

Delivering the Housing Strategy

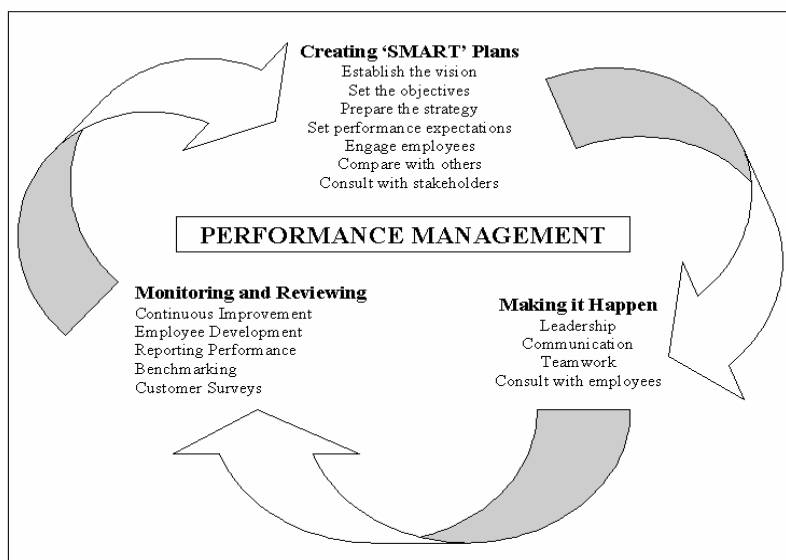
We will review our Housing Strategy annually linked to the updating of our other key strategies including the Corporate Plan and the Local Development Framework Annual Monitoring Report. The new approach to the Housing Strategy as an over arching document will enable us to publish a revised strategy annually which takes account of changes in the housing market and priorities for intervention in the Borough. The annual strategy update will include a schedule of completed action, actions that have to be carried forward into our new strategy and new actions identified through the updating process. The Housing Strategy update will be reported through our performance management framework and to our key stakeholders and partners. Our approach to performance management and review is set out below:-

Monitoring and Review Mechanisms

Performance Management

Performance Management is at the heart of Corporate Planning and is crucial in the drive for continuous improvement.

Sedgefield Borough Council is a progressive local authority committed to delivering on its Corporate Ambitions and Community Outcomes. The Council has developed its performance management arrangements significantly in recent years and now has in place robust Performance Management systems to ensure the delivery of our Corporate Plan. The Performance Management Framework operated by the Council is displayed within the diagram below:



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In order to modernise our approach to service delivery and complement our Performance Management arrangements the Council has introduced a number of changes: -

Cabinet level Strategic management

The Council has recently reviewed its approach to Strategic Leadership and established a specific working group with this remit.

Strategic Working Groups.

Corporate strategic working arrangements are anchored around the Council's corporate policy arrangements and performance management framework and are designed to assist in the delivery of stated priorities. They are aligned to the Corporate Ambitions and Community Outcomes and provide clear policy advice and output/outcome performance management information. Performance management information is reported and acted up on at these strategic working groups

Monitoring of performance measures at Overview and Scrutiny Committees.

Overview and Scrutiny Committees play an important role in performance management in that they receive regular update reports on the achievement of the Council's ambitions through bi-annual reviews of the performance information submitted and monitored by Strategic Working Groups.

Driving performance management throughout the delivery of the Council's Corporate Ambitions and Values is a key activity of all services.

Equal Opportunities Statement

If you would like this document in another language or format, or if you require the services of an interpreter, please contact us.

إذا أردت هذه الوثيقة بلغة أخرى أو بطريقة أخرى، أو إذا كنت بحاجة إلى خدمات مترجم، فنرجو أن تقوم بالاتصال بنا.

যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান অথবা যদি আপনার একজন ইন্টারপ্রেটারের প্রয়োজন হয়, তাহলে দয়া করে আমাদের সাথে যোগাযোগ করুন।

本文件可以翻譯為另一語文版本，或製作成另一格式，如有此需要，或需要傳譯員的協助，請與我們聯絡。

यह दस्तावेज़ यदि आपको किसी अन्य भाषा या अन्य रूप में चाहिये, या आपको आनुवाद-सेवाओं की आवश्यकता हो तो हमसे संपर्क करें

ਜੇ ਇਹ ਦਸਤਾਵੇਜ਼ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦਾ ਹੈ, ਜਾਂ ਜੇ ਤੁਹਾਨੂੰ ਗੱਲਬਾਤ ਸਮਝਾਉਣ ਲਈ ਕਿਸੇ ਫਿਟਰਪੈਟਰ ਦੀ ਲੋੜ ਹੈ, ਤਾਂ ਤੁਸੀਂ ਸਾਨੂੰ ਦੱਸੋ।

یہ دستاویز اگر آپ کو کسی دیگر زبان یا دیگر شکل میں درکار ہو، یا اگر آپ کو ترجمان کی خدمات چاہئیں تو براے مہربانی ہم سے رابطہ کیجئے۔

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We can produce this compact in other formats, such as in large print; on audiotape; on CD – Rom; or in other languages.

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