

# COUNCIL

Friday,  
27 February 2009  
11.00 a.m.

Council Chamber,  
Council Offices,  
Spennymoor

# AGENDA and REPORTS



**Sedgefield**  
BOROUGH COUNCIL

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**العربية (Arabic)**

إذا أردت المعلومات بلغة أخرى أو بطريقة أخرى، نرجو أن تطلب ذلك منا.

**বাংলা (Bengali)**

যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান, তাহলে দয়া করে আমাদেরকে বলুন।

**(中文 (繁體字)) (Cantonese)**

如欲索取以另一語文印製或另一格式製作的資料，請與我們聯絡。

**हिन्दी (Hindi)**

यदि आपको सूचना किसी अन्य भाषा या अन्य रूप में चाहिये तो कृपया हमसे कहे

**polski (Polish)**

Jeżeli chcieliby Państwo uzyskać informacje w innym języku lub w innym formacie, prosimy dać nam znać.

**ਪੰਜਾਬੀ (Punjabi)**

ਜੇ ਇਹ ਜਾਣਕਾਰੀ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦੀ, ਤਾਂ ਇਹ ਸਾਥੋਂ ਮੰਗ ਲਓ।

**Español (Spanish)**

Póngase en contacto con nosotros si desea recibir información en otro idioma o formato.

**اردو (Urdu)**

اگر آپ کو معلومات کسی دیگر زبان یا دیگر شکل میں درکار ہوں تو برائے مہربانی ہم سے پوچھئے۔

## AGENDA

**1. APOLOGIES****2. DECLARATIONS OF INTEREST**

To notify the Mayor of any items that appear later in the agenda in which you may have an interest.

**3. MINUTES**

To confirm as a correct record the Minutes of the meeting held on 18<sup>th</sup> December 2008. (Pages 1 - 2)

**4. MAYOR'S ANNOUNCEMENTS****5. HANDING OVER OF SEAL AND CHAINS OF OFFICE OF THE FORMER DARLINGTON RURAL DISTRICT COUNCIL**

To formally hand over to Darlington Borough Council, for safe keeping, the seals and chains of office of the former Darlington Rural District Council.

**6. LARGE SCALE VOLUNTARY TRANSFER OF THE COUNCIL'S HOUSING STOCK TO SEDGEFIELD BOROUGH HOMES**

Report of Chief Executive. (Pages 3 - 12)

**7. ANNUAL OVERVIEW AND SCRUTINY REPORT 2008**

Report of Chief Executive. (Pages 13 - 18)

**8. APPOINTMENT OF ALDERMEN - REVIEW OF POLICY**

Report of Solicitor to the Council and Monitoring Officer. (Pages 19 - 22)

**N.B. Whilst the following item does not contain any 'exempt' information, it should be noted that if Members wish to raise any questions, it may be necessary to pass the appropriate resolution to exclude the press and public as any queries may involve the disclosure of 'exempt' information.**

**9. EMPLOYMENT ISSUES PANEL**

To consider the minutes of the Employment Issues Panel held on 18<sup>th</sup> February 2009. (Pages 23 - 24)

B.Allen  
Chief Executive

Council Offices  
SPENNYMOOR

Councillor J. Robinson J.P (Mayor) and  
All other Members of the Council

ACCESS TO INFORMATION

Any person wishing to exercise the right of inspection in relation to this Agenda and associated papers should contact  
Liz North 01388 816166 ext 4237 email:enorth@sedgefield.gov.uk

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# Item 3

## SEDGEFIELD BOROUGH COUNCIL

Council Chamber,  
Council Offices,  
Spennymoor

Thursday,  
18 December 2008

Time: 11.00 a.m.

**Present:** Councillor J. Robinson J.P (Mayor) and

Councillors Mrs. A.M. Armstrong, Mrs. D. Bowman, V. Chapman, Mrs. K. Conroy, V. Crosby, Mrs. L. M.G. Cuthbertson, T.F. Forrest, P. Gittins J.P., A. Gray, G.C. Gray, B. Haigh, Mrs. S. Haigh, Mrs. I. Hewitson, Mrs. H.J. Hutchinson, Mrs. E. Maddison, B.M. Ord, Mrs. E.M. Paylor, A. Smith, K. Thompson, A. Warburton and T. Ward

**Apologies:** Councillors B.F. Avery J.P, W.M. Blenkinsopp, T. Brimm, D.R. Brown, J. Burton, D. Chaytor, Mrs. P. Crathorne, D. Farry, Mrs. B. Graham, Mrs. J. Gray, D.M. Hancock, J.E. Higgin, A. Hodgson, T. Hogan, Mrs. L. Hovvels, G.M.R. Howe, J.G. Huntington, Mrs. S. J. Iveson, Ms. I. Jackson, J.M. Khan, B. Lamb, C. Nelson, D.A. Newell, Mrs. C. Potts, B. Stephens, W. Waters and Mrs E. M. Wood

### **MINUTES SILENCE**

A minutes silence was held as a mark of respect for former Borough Councillor Ms. C. J. Warbis who had recently died.

### **C.52/08 DECLARATIONS OF INTEREST**

Councillor J. Robinson, JP., indicated that he had a personal interest in Item 5 on the agenda relating to Local Government Review Protection of Historic Traditions and Ceremonial Arrangements, as a Member of Sedgfield Town Council. He would, however, not be leaving the meeting.

### **C.53/08 MINUTES**

The Minutes of the meeting held on 21<sup>st</sup> November, 2008 were confirmed as a correct record and signed by the Mayor.

### **C.54/08 MAYOR'S ANNOUNCEMENTS**

The Mayor reported that since the meeting held on 26<sup>th</sup> September, 2008 he had attended 55 functions and events including charity evenings, civic functions and carol services. He had also attended a number of golden wedding and diamond wedding anniversary celebrations as well as a 102<sup>nd</sup> birthday celebration.

The Mayor made reference to school visits which had taken place to the Council Offices and a visit of representatives from Africa on a group study exchange visit to the Borough as guests of Newton Aycliffe Rotary Club. He had also attended the dedication ceremony for Aycliffe War Memorial at St. Clares Church, Newton Aycliffe.

Reference was also made to the official switch-on of Christmas lights at the Council Offices and “Santa in Sedgefield” which around 200 children had attended.

**C.55/08**

**LOCAL GOVERNMENT REVIEW - PROTECTION OF HISTORIC TRADITIONS AND CEREMONIAL ARRANGEMENTS**

**N.B. In accordance with Section 81 of the Local Government Act 2000 and the Members’ Code of Conduct Councillor J. Robinson JP declared a personal interest in this item and remained in the meeting.**

Consideration was given to a report of the Chief Executive (for copy see file of Minutes) updating Members on the decision as to how historic traditions were to be protected following the abolition of Sedgefield Borough Council and the transfer of ceremonial and civic property in advance of vesting day.

It was noted that the County Council had accepted local wishes previously expressed and had informed the Department of Communities and Local Government that Sedgefield Town Council would be a suitable candidate to take over the charter relating to Borough status granted to 24<sup>th</sup> October, 1996.

The Council also retained certain civic regalia and seals formally held by Darlington Rural District Council and it was intended to transfer ownership and possession of those items to Darlington Borough Council prior to the abolition of the Council.

A formal agreement would be entered into with the recipient Councils to transfer ownership and possession of the items. It was considered appropriate for ceremonial arrangements to be held to celebrate and mark the occasion of the transfer of the civic properties.

**RESOLVED :**                    *That the Chief Executive be authorised to enter into appropriate agreements for the transfer of civic property.*

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**ACCESS TO INFORMATION**

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# Item 6

## REPORT TO COUNCIL

27 February 2009

## REPORT OF CHIEF EXECUTIVE

### Portfolio:

**Title: LARGE SCALE VOLUNTARY TRANSFER OF THE COUNCIL'S HOUSING STOCK TO SEDGEFIELD BOROUGH HOMES**

### **1 SUMMARY**

- 1.1 This report seeks Members' approval to the transfer of the Council's Housing Stock to Sedgefield Borough Homes. It gives a summary of the assets that will transfer, together with the overall financial consideration. The report also covers key elements of the transfer and other legal agreements.

### **2 RECOMMENDATIONS**

- 1) That Sedgefield Borough Council agrees to the Large Scale Voluntary Transfer of its Housing and related assets to Sedgefield Borough Homes as set out in the Transfer Agreement and subject to the terms and conditions therein.
- 2) That the Chief Executive, in consultation with the leader of the Council, be delegated to make final adjustments to the Transfer Agreement up to the date of transfer.
- 3) That the Chief Executive consults with the Corporate Director of Resources of Durham County Council to ensure that he is appraised and satisfied with any final alterations to the details of the Transfer Agreement.

### **3 BACKGROUND**

#### **3.1 Options Appraisal**

The Government in the Sustainable Communities Plan 2003 requires each housing stock owning Local Authority to undertake a formal 'option appraisal' to determine the preferred option to meet the investment needs to achieve the Decent Homes Standard, tenants' aspirations and to support wider plans for delivering sustainable communities.

Sedgefield Borough Council's options study considered:

- The outcome of financial modelling on the future investment needs of the housing stock set against available resources over the next 5 years
- The findings of the Council's Stock Options Appraisal Group
- The findings of a survey of all Council tenants

In simple terms, the outcome of the financial modelling concluded that whilst the Council could meet the minimum Decent Homes Standard, tenants' aspirations for their homes and estates would require an additional £65 million for the next 5 years.

The Stock Options Appraisal Group concluded that LSVT was the preferred option for the future ownership and management of the housing stock to deliver both tenants' aspirations and the Council's wider strategic objective.

The Council on 26 October 2007 (minute reference C.56/07 refers) approved Large Scale Voluntary Transfer (LSVT) to a standalone Registered Social Landlord (Housing Association to be called Sedgefield Borough Homes) as the preferred option for the future ownership and management of the Council's housing stock.

### 3.2 Consultation and the Ballot

On 24 April 2008 the Council formally accepted and approved the offer to be made to tenants, the 'Offer Document'. That document detailed to tenants the consequences of a majority 'Yes' vote and detailed all of the principles for consultation.

In July 2008 tenants were formally balloted as to whether they supported the Council's proposal to transfer the stock and associated assets to Sedgefield Borough Homes. The ballot was intended to show the Secretary of State the level of support from the Borough's tenants for the stock transfer.

The ballot of secure and introductory tenants commenced on 4 July and ended on 1 August 2008. The ballot was undertaken by the Electoral Reform Society (ERS), the results of which were advised to the chief Executive on Friday 1 August 2008. The outcome of the ballot was as follows:-

(a)	Percentage of tenants taking part in the vote (turnout)	66.7%
(b)	Percentage of tenants supporting the proposal	74.2%
(c)	Percentage of tenants not supporting the proposal	25.8%

On 6 August 2008 Members agreed that the Council proceeds with the transfer to Sedgefield Borough Homes subject to the Council's final approval of the valuation, the terms of the transfer contract and to the obtaining of all necessary statutory consents.

### 3.3 Section 24 Approval

Section 24 of the Local Government and Public Involvement Act 2007 directs authorities which will cease to exist on 1 April 2009 to seek approval to dispose of any land with a value greater than £100,000. On 25 April a report was considered by the County Council's Implementation Executive at which time they agreed that "The Large Scale Voluntary Transfer of housing and associated land held within Sedgefield Borough's Housing Revenue Account to a standalone Registered Social Landlord, subject to a successful tenants ballot and the Secretary of State's consent under Part s 32-34 and/or 43 of the Housing Act 1985".



### 3.4 Transfer Process

Officers and advisors from the Council and Sedgefield Borough Homes have met regularly to negotiate the terms of the transfer agreement. Whilst the principles and the terms are acceptable to both parties, the final details will be subject to adjustment up to the date of transfer.

## 4 **PRINCIPLES AND TERMS**

### 4.1 Assets to Transfer

Areas of land and assets including those currently managed by the Housing Revenue Account that will be transferred to Sedgefield Borough Homes are as follows:

- The housing stock and land within the curtilage of individual properties
- Garages and garage sites
- Allotment gardens
- Areas of land that would normally transfer as garden land under Right to Buys
- Areas between open plan dwellings
- Incidental areas of open space adjacent to housing
- Areas of land where housing has previously been demolished
- Unadopted car parking areas within council housing estates
- Shops and other leased land and property within council housing estates.

It should be noted that all land transferred to SBH, with the exception of previously developed land, will be protected under a 'Development Agreement' which will ensure that the land cannot be developed without the prior consent of this Council or its successor.

Areas of land and assets that will be retained by the Council include:-

- Areas of open space separated from houses by estate roads and footpaths
- Larger areas of open spaces located between main roads and dwellings
- Play areas
- Land beneath adopted highways
- All major areas of land with significant development value.

### 4.2 Tenanted Market Value

The price that SBH will pay for the housing it acquires through transfer is based on its Tenanted Market Value (TMV). This valuation of housing stock for stock transfer is entirely different to Open Market or Right to Buy values.

The Transfer Price of the dwellings and associated assets is largely determined by a prescribed formula set by Government and reflects the current value of future income/expenditure streams of the assets over the next 30 years. In broad terms, the Transfer Price is the amount of money which a registered social landlord purchasing the properties would be able to borrow to buy them and fulfil the Council's transfer promises, and then repay the loan by the end of year 30 using all the annual net income streams.

A final valuation will need to be submitted to Government as part of the process of gaining consent to transfer and whilst this is still subject to negotiation, will be in the order of £4.1 million.

#### 4.3 Staffing Issues

Staff transferring to SBH are protected by TUPE arrangements. As well as approximately 140 staff transferring to the new organisation directly, a number of new posts have been created and are currently being advertised initially within the Council.

#### 4.4 Pensions

Under provisions of TUPE regulations that govern the transfer of a business from one body to another, the pay, terms and conditions of transferred employees are protected – but participation in the Local Government Pension Scheme (LGPS) is **not** protected. Government guidance states that when public sector employees are transferred to a new employer in this way the new employer must either:

- provide a 'Broadly Comparable Pension Scheme' for the transferring employees to join; or
- apply to join the LGPS as an 'Admitted Body' via an Admission Agreement

It has been agreed that SBH will join the LGPS as an "Admitted Body" and that staff will continue to have access to that pension scheme for their future service, to ensure continuity of pension accrual.

The Council has a long term strategy for dealing with pension contributions and liabilities including any deficit. The pension fund for transferring staff is currently in deficit and this will need to be addressed. It is therefore considered prudent to utilise income arising from the VAT shelter to cover this cost.

#### 4.5 VAT Shelter

In normal circumstances, housing associations are not able to reclaim VAT on improvement works to dwellings. A VAT shelter is an arrangement whereby SBH can reclaim VAT on future improvement works to the transferred stock. This scheme has been devised and implemented in nearly all stock transfers since 2003 and has approval from Her Majesty's Revenue and Customs (HMRC) and the Government.

On the basis of **£230m** of improvement works, an estimated **£40m** of VAT will be recoverable over the next 15 years. The first call on these receipts is to cover the pension deficit of transferring staff (the VAT Shelter will therefore be 'top sliced' to take account of the cost estimated to be around **£7m**), and thereafter the VAT savings will be shared 45% to the Council and 55% to SBH – an estimated total after meeting the pension fund deficit of almost **£15m** for the Council.

#### 4.6 The Preserved Right to Buy

Local Authority tenants who change landlord to a registered social landlord, such as SBH, as a result of stock transfer retain their statutory right to buy their home at a discount.

It is usual for an agreement to be made between the Council and the RSL which entitles the Council to a financial settlement from the RSL, arising from the sale of each home where the tenant had a 'preserved' right to buy entitlement.

The agreement is structured so that the impact on SBH's business plan of losing rental income is neutral. These figures are agreed in advance and included in the transfer agreement.

The negotiated position with SBH is that RTB sales proceeds after compensating SBH for loss of income and administration costs are to be split with 75% going to the Council and 25% going to SBH. This agreement covers a 15 year period.

An evaluation of the financial impact shows that the Council is expected to receive around **£19m** over a 15 period.

#### 4.7 Housing Debt

Over the years the Council has borrowed money to help to pay for housing and has accrued a Housing Debt.

At the start of the year there was a gap of £5m in the Council's actual debt position in comparison to Government assumed HRA debt. Following advice from its Treasury Consultants the Council took out a £5m PWLB loan in October 2008 (reported and approved by Council on 21 November 2008) – taking the total debt position to £23.3m.

Where the net capital receipt (gross minus set-up costs) is **greater** than the Council's housing attributable debt it is the local authority's responsibility to ensure it makes provision for the repayment of this debt.

However, if the net capital receipt from the sale of local authority housing and associated assets is **less** than the housing debt, the authority will have **overhanging debt**, and be eligible for grant subsidy from the Government.

In this proposed transfer, the Council qualifies for overhanging debt grant and therefore the HRA debt will be repaid by

- A one-off payment from Central Government estimated to be around £26.2m (including all premiums payable on the redemption of debt).

#### 4.8 Service Level Agreements

In common with most housing transfers a number of Service Level Agreements have been negotiated to ensure that services are uninterrupted following transfer. Examples include the provision of office accommodation, cash collection, grounds maintenance etc.

### 5 **FORMAL DOCUMENTS**

The formal documentation relating to the transfer are extensive and include the following important elements

## 5.1 Transfer Agreement

This is the main agreement between the council and SBH. It transfers the principle assets and ancillary items such as vehicles, computers, equipment, desks, chairs etc.

It also contains detailed provisions relating to the transfer of staff to SBH transfer of rent arrears and existing third party contracts that will be assigned to SBH.

## 5.2 Warranties

The new landlord will require the Council to provide warranties relating to certain matters affecting the property to be transferred. A warranty is, in effect, a declaration that certain types of information provided are correct.

Where the Council knows that, in a particular situation, there may be issues that should be drawn to the attention of the purchaser, a disclosure should be made.

Warranties generally fall into three categories: business warranties, title warranties and environmental warranties.

The Council is required to provide warranties to both SBH and its Funders that there are no matters in connection with the land and property transferring that could cause SBH or its Funders any loss.

It is a normal commercial requirement in LSVT transfers for the Council to give separate Warranties to both the Purchaser SBH and its Funders.

The Council will purchase insurance to give financial protection against certain environmental warranty claims and this has been built into the set up costs.

## 5.3 Deed of Covenant

### **(i) By the Company (SBH)**

In this document the company covenants to fulfil the promises made to tenants in the Consultation Document. The potential remedies to the Council should SBH breach the Deed of Covenant are an action in damages (if loss can be proved) or an action in specific performance requiring the Company to remedy the breach.

### **(ii) By the Council**

In this document the Council covenant to comply with the Housing Benefit Regulations.

## 6 RESOURCE IMPLICATIONS

A full and detailed breakdown of the financial implications of transfer has been undertaken and the following summarises the key financial details:-

Under the agreed proposals **Sedgefield Borough Homes** would have around £100 million to spend on the housing stock of around 8,500 properties in the first 5 years. This is approximately **£65 million** more than the Council would have available over the same period.

Over the first 5 years, SBH's planned programme of works includes budgets of:

- £22.3 million to improve around 5,500 kitchens
- £10.8 million to upgrade around 5,400 bathrooms
- £2.7 million to install up to 5,400 over-bath showers
- £1.25 million to install external lights to properties and entrances to flats – enough for around 5,000 security lights
- £3.2 million for new fencing, gates and boundary walks
- £6.5 million for new external doors, enough for around 16,000 doors
- £6 million for new internal doors, around 75,000 doors
- £6.6 million set aside to improve sheltered housing as part of the overall investment promises

The Council will also benefit considerably from the stock transfer:

- Long term debt of just over **£23m** will be fully repaid making the Council debt free
- Included in the above is General Fund debt of **£9m** which when repaid will save £0.5m in interest annually
- The Council will benefit from an extra **£5m** in cash balances as a result of earlier decision to 'top up' loan debt.
- **£19.m** in receipts arising from a share of future house sales over 15 years
- **£7m** Pension Fund Deficit repaid
- **£15m** in receipts arising from VAT savings over 15 years
- HRA reserves of around **£1.5m** transferrable to General Fund on closure of HRA

Overall the net revenue position on the General Fund will improve by around £750,000 as a result of transfer.

**These financial arrangements taken together with the other conditions of the stock transfer are very beneficial because:**

- **The aspirations of housing tenants for significant additional investment in the stock can be secured; and**
- **Significant improvements to the stock and services will be delivered; and**
- **It also provides good value for the Council's tax-payers**

## 7 OTHER MATERIAL CONSIDERATIONS

### 7.1 Consultation

The LSVT process has been the subject of significant and detailed consultation with tenants, leaseholders and other partners and stakeholders. In addition, in

accordance with the Local Government Act 1972 Section 123, 1, (2a) the public open space that is to transfer as part of the agreement has been advertised in the local press. A summary of the feedback will be provided for members at the meeting.

7.2 The County Council has also been fully consulted and their Corporate Director of Resources has confirmed that he is satisfied with the principles and terms of transfer as summarised in the report. He will be further consulted on any final adjustments to the Transfer Agreement.

### 7.3 Links to Corporate Objectives / Values

The transfer of Sedgefield's Housing staff will contribute to our corporate aim to Secure Quality Sustainable Housing.

### 7.4 Legal Implications

The Funders will require the Solicitor to the Council to give an opinion to confirm that the Council has complied with all its internal rules and standing orders and therefore has the power to enter into the documents on completion. This opinion creates a separate liability for the Council under the documents to the Funders just in case some administrative error has been made. It does not create any personal liability.

### 7.5 Risk Management

Both the Council and Sedgefield Borough Homes have undertaken a rigorous and robust Risk Management Assessment given the very tight timescales to which we are working and the additional complication of not completing transfer by vesting day. A key date in the timescale is approval by Council at today's meeting from which all other approvals will flow.

### 7.6 Health and Safety Implications

No additional implications have been identified.

### 7.7 Sustainability

The provision of additional funding for Social Housing in the Borough and the Environment will significantly add to the sustainability of our housing estates and the communities that live there.

### 7.8 Equality and Diversity

No additional implications

### 7.9 Social Inclusion

No additional implications

### 7.10 Procurement

No additional implications

## 8 OVERVIEW AND SCRUTINY IMPLICATIONS

8.1 No additional implications

**Contact Officers:** B Allen  
**Telephone No:** (01388) 816166 ext 4305  
**Email Address:** [ballen@sedgefield.gov.uk](mailto:ballen@sedgefield.gov.uk)  
**Ward(s):** All

### Key Decision Validation:

#### Background Papers

Letter to Brian Allen, Chief Executive, Sedgefield Borough Council from CLG 15 April

Report to Sedgefield Borough Council 26 October 2007 Updating the Stock Options Appraisal Study

Report to Sedgefield Borough Council Cabinet 13 March 2008 Transfer of Assets Agreement of Principles

Report to Sedgefield Borough Cabinet 26 April 2008 Formal Offer Document

Stock Transfer Financial Appraisal February 2009

#### Examination by Statutory Officers

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

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# Item 7

## REPORT TO COUNCIL

27 FEBRUARY 2009

## REPORT OF CHIEF EXECUTIVE

### ANNUAL OVERVIEW & SCRUTINY REPORT 2008/09

#### SUMMARY

This report presents the Annual Scrutiny Report to Members for approval.

#### RECOMMENDATION

- 1 That the Annual Scrutiny Report be approved.

#### BACKGROUND

In accordance with Paragraph 6.03 (c) of Part 2 of the Council's Constitution, Overview and Scrutiny Committees must report annually to Council detailing their work over the previous year, and in relation to future work programmes and working methods.

Due to implications of Local Government Review the Annual Overview and Scrutiny Report focuses on the work undertaken by the Committees throughout 2008/09.

#### DETAIL

In January 2008, Council agreed a Transition Plan for the period leading to the establishment of a unitary council in County Durham in April 2009. This required Overview and Scrutiny Members to reconsider their work programmes for this period so that they could be carefully managed to ensure that the most important issues are considered within the limited time available. In addition, work undertaken by Committee's must compliment the Council's transition plan and make a positive contribution to the wider aims of the Council within the period leading to the establishment of a new Unitary Council in April 2009.

Work undertaken by Committees during 2008/09 is presented in accordance with the four main aspects of Overview and Scrutiny.

- Holding the Executive to Account
- Policy Development and Review
- Performance Review and Service Improvement
- External Scrutiny

#### ***Holding the Executive to Account***

No key decisions of Cabinet have been called-in during the past year. However, Members have raised concerns about a number of issues which have resulted in the appropriate Cabinet Member attending a Committee meeting to respond to Overview and Scrutiny Committee's concerns.

There have been a total of 26 attendances by Cabinet Members at meetings of Overview and Scrutiny Committees during 2008/09 to respond and provide information to the Committee.

## **Policy Development and Review**

### ***Overview and Scrutiny Reviews***

In previous years Overview and Scrutiny Committees have established review groups to undertake in-depth investigations into Council functions, policies or services. Within the transitional year, this would not be appropriate as recommendations following a Review would not have time to be implemented.

Overview & Scrutiny Members attended a workshop to consider options for undertaking scrutiny reviews within the transition year. Members supported undertaking a State of the Borough Review, which would look at quality of life topics and achievements within each of the Council's ambitions.

The aim of the Review was to highlight achievements made by the Council and its partners towards delivering of Quality of Life topics that contribute to achieving the Borough's ambition of a 'Healthy, Prosperous and Attractive Borough with Strong Communities.' The Review would also provide a benchmark for future assessment, highlight areas for improvement and where relevant, make recommendations to the new unitary council.

Four Review Groups were established to examine the following quality of life topics within each of the Council's ambitions.

#### ***Healthy Borough Review Group***

The Review Group examined the Quality of Life topics, Public Health, Community Care and Leisure and Culture which contribute to '*a borough where people can lead healthy, active and fulfilling lives as part of vibrant and strong communities*'

#### ***Strong Communities Review Group***

The Review Group examined the Quality of Life topics, Crime & Disorder, Community Cohesion and Housing that contribute to community where '*people can access the housing they want in attractive and safe neighbourhoods*'.

#### ***Prosperous Borough Review Group***

The Review Group examined the Quality of Life topics, Employment & Economic Activity, Regeneration of Town Centres, Improvement of Community Assets – Local Improvement Programme and Learning & Skills that contribute to '*A borough where high quality businesses can prosper and where local people have the confidence and skills to access the jobs that the offer*'.

#### ***Attractive Borough Review Group***

The Review Group examined the Quality of Life topics, Street Cleanliness and Waste, Open Spaces and Transport that contribute to a borough with '*A cleaner, greener, sustainable Environment and Improving design and environmental quality of towns and villages*'.

The four Review Group's gathered evidence and information from council officers, representatives from partner agencies, relevant policy and strategy documents and feedback from the 2008 LSP Annual Stakeholder event.

Following an in-depth study each Review Group presented their report to their respective Overview and Scrutiny Committees in November and December 2008. The Committees supported the findings and recommended that the reports be combined into a single 'State of the Borough' report to be considered by Cabinet.

The State of the Borough report was considered by Cabinet in January 2009. Cabinet approved the report and supported its recommendations. The report has been published and forwarded to Durham County Council and key partner agencies.

### ***Monitoring of Previous Reviews***

Overview and Scrutiny Committees have monitored Cabinet Action Plans detailing progress of implementing recommendations from previous Overview reviews.

Within the past year, Committees were satisfied that Review Group recommendations from the following Cabinet Action Plans have been completed and require no further monitoring.

- Affordable Housing
- Regeneration of Older Sector Private Housing
- Streetsafe
- Leisure Centre Concessionary Pricing Scheme
- Recycling
- The Council's Contribution to Reducing Economic Inactivity (Increasing Employability)
- Sickness Management
- Recruitment and Retention

Completion of recommendations within Review Group Action Plans have contributed to policy development, implemented enhanced services and demonstrated the positive role of Overview and Scrutiny.

### **Performance Management and Improvement**

Overview and Scrutiny Committees play an important role in monitoring the Council's performance indicators. Performance reports containing indicators relating to their portfolios have been considered by Committees on a six monthly basis. Following feedback and comment from Members, the format of performance reports was revised during 2007. This led to the production of a well-structured document that has enabled Members to focus on key performance areas.

Following consideration of performance reports, Members raised concern with a number of performance indicators that were performing below target and requested that the relevant Cabinet Member and/or the Head of Service attend future meetings to discuss progress in achieving performance measures. Issues highlighted included:

- Council Tax Collection
- Participation in Leisure Centre activities
- Number of People Spectating or Participating in a Cultural Activity
- Satisfaction levels of and turn around times of re-let Council properties

- Housing Benefits
- Satisfaction of Building Control Service and Percentage of Building Control plans approved/responded to within three weeks
- Percentage of conservation areas in the local authority area with an up-to-date character appraisal

### **Scrutiny of External Organisations**

The Healthy Borough with Strong Communities Overview and Scrutiny Committee held a special meeting to provide Members with the opportunity to debate and give their views on two NHS consultation exercises, 'A Big Conversation' and 'Seizing the Future'.

Representatives from County Durham & Darlington Foundation Trust and NHS Durham attended the meeting to give a presentation on both consultations and respond to Members questions. Following the meeting the Committee's response was sent to NHS County Durham and County Darlington Foundation Trust. In addition a copy was forwarded to Durham County Council's Health Scrutiny Sub-Committee for them to consider within their deliberations on these issues.

### **Consideration of Cabinet's Budget Proposals**

All three Overview and Scrutiny Committees gave detailed consideration to Cabinet's budget proposals in accordance with the Budget and Policy Framework Procedure Rules. Each committee considered the budget proposals as it related to their portfolio areas.

Following detailed examination, Strategic Leadership and Prosperous & Attractive Borough Overview and Scrutiny Committees gave support to the Cabinet's initial budget proposals. The Healthy Borough with Strong Communities Committee made recommendations to the Cabinet to reconsider areas within their initial budget.

### **Health Scrutiny**

The Health and Social Care Act 2001 gives responsibility to the local authority with social services functions to carry out scrutiny of health matters. Therefore in this area Durham County Council hold this responsibility. Health scrutiny has a key role in challenging and holding the health bodies to account. Many health issues cut across county/district responsibilities and therefore two district Councillors are co-opted to the County's Health Sub-Committee to represent their councils and, more importantly, local people.

The Committee has scrutinised various aspects of the following local NHS providers, NHS County Durham, County Durham & Darlington NHS Foundation Trust, Tees, Esk and Wear Valleys NHS Trust and the North East Ambulance Service Trust.

In addition Members of the Committee have established a working group to provide a response to NHS County Durham's consultation 'Seizing the Future' and also participated within a joint health scrutiny committee to respond to the 'Momentum –Pathways to Healthcare' consultation.

The minutes of the Health Scrutiny Sub Committee are reported to the Healthy Borough with Strong Communities Overview & Scrutiny Committee so that Members are kept

informed of work undertaken by the Committee and can contribute to the scrutiny of health through the Borough Council's representatives.

**Financial Implications**

None associated directly with this report.

**Consultation**

None associated directly with this report.

**Contact Officer:** Jonathan Slee  
**Principal Scrutiny Officer**  
**Telephone No:** (01388) 816166 ext. 4362  
**E-mail Address:** [jslee@sedgefield.gov.uk](mailto:jslee@sedgefield.gov.uk)

**Ward(s)** Not Ward Specific

**Background Papers**

None

## 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 type="checkbox"/>	<input checked="" type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. The report has been approved by Management Team	<input type="checkbox"/>	<input checked="" type="checkbox"/>

# Item 8

## REPORT TO COUNCIL

27<sup>TH</sup> FEBRUARY 2009

## REPORT OF SOLICITOR TO THE COUNCIL AND MONITORING OFFICER

### APPOINTMENT OF ALDERMEN – REVIEW OF POLICY

#### 1. SUMMARY AND BACKGROUND

DCLG has announced changes to the provisions of Section 249 of the Local Government Act 1972 relating to the appointment of Honorary Aldermen and this Report informs Members of the changes that have now been made as a result of new regulations.

#### 2. RECOMMENDATIONS

The Council is invited to affirm existing practice or, alternatively, adopt an alternative proposal for the future appointment of Aldermen.

#### 3. ALDERMEN: NEW REGULATIONS

- 3.1 On previous re-organisations, Councils which were due to be abolished were permitted to appoint Honorary Aldermen from amongst their existing members rather than being restricted to appointing only former members. New regulations have been introduced that will follow this precedent once again. Newly created Aldermen of an outgoing authority will become Aldermen of the new authority. This is now in effect as a result of Regulation 32 of the Local Government (Structural Changes) (Transitional Arrangements) (No.2) Regulations 2008, which have taken effect on 28th November 2008. The Council therefore now has power to elect as Honorary Aldermen, not only past members of the Council, but also serving members.
- 3.2 The current legislation provides at Section 249(1) of the Local Government Act 1972, that a Council may, by a resolution passed by not less than two thirds of the members voting thereon, at a meeting of the Council, (specially convened for the purpose, with notice of that object), may confer the title of Honorary Alderman on persons who have, in the opinion of the Council, rendered “eminent services” to the Council.
- 3.3 “Eminent services” is not defined in the Act, and conventions differ between Councils as to what criteria ought to apply in making these appointments.
- 3.4 Within County Durham, the County Council and each of the Districts, follow differing conventions, which are set out at Appendix 1.

3.5 The Council may wish to either (a) confirm its existing practice or (b) adopt a new practice, in the event that it may wish to appoint Aldermen prior to abolition.

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

**Ward(s)**

### Key Decision Validation

### Background Papers

Local Government (Structural Changes) (Transitional Arrangements) (No.2) Regulations 2008 (effective from 28th November 2008)

### 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 type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>



## Appendix 1

<b>COUNCIL</b>	<b>CRITERIA THAT ARE APPLIED IN APPOINTING ALDERMEN</b>
Chester-le-Street District Council	Have not appointed Aldermen – no criteria
Derwentside District Council	<ol style="list-style-type: none"> <li>1 Served three full consecutive terms as a councillor (i.e. 12 years) or from May 1999; <u>AND</u></li> <li>2. Have held a senior position within the Council i.e. as Chairman; Leader (of the majority or main opposition); Deputy Leader (of the majority or main opposition); Chair of a committee/ scrutiny panel; portfolio holder <u>OR</u>;</li> <li>3. Have served five full terms consecutively (i.e. 20 years) or from May 1991;</li> <li>4. Are not currently elected to Durham County Council.</li> </ol>
Durham City Council	15 years or more cumulative service on the Council at termination of office
Durham County Council	12 Years Minimum service, although this was reduced to 11 years for May 2008 to reflect shorter term served by County Members. May be breaks in service.
District of Easington	Awarded to former members that have given eminent service to the District. No minimum length of service, but used sparingly.
Sedgefield Borough Council	'Bestowed on persons who have, in the opinion of the Council, rendered eminent services to the authority as past members of the Council or its former constituent Rural and Urban District authorities for 25 continuous years or more'.
Teesdale District Council	The award has been made sparingly for eminent services to the Council and has only been awarded seven times in our 35 years existence. The last five conferred between 1994 and 2003 had at least 25 years service, although this is not a set criteria.
Wear Valley Council	Awarded to former members that have given eminent service to the District. No minimum length of service, but used sparingly.

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# Item 9

## SEDGEFIELD BOROUGH COUNCIL EMPLOYMENT ISSUES PANEL

Conference Room 1,  
Council Offices,  
Spennymoor

Wednesday,  
18 February 2009

Time: 11.00 a.m.

**Present:** Councillor A. Hodgson (Chairman) and  
Councillors A. Gray, G.C. Gray, B. Haigh, Mrs. E. Maddison and A. Smith

**Apologies:** Councillor D.M. Hancock

**EIP.17/08      DECLARATIONS OF INTERESTS**  
No Declarations of Interest were received.

**EIP.18/08      MINUTES**  
The minutes of the meeting held on 4<sup>th</sup> February 2009 were confirmed as a correct record and signed by the Chairman.

### **EXCLUSION OF PRESS AND PUBLIC**

*RESOLVED:      That in accordance with Section 100(a)(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business on the grounds that they may involve the likely disclosure of exempt information as defined in Paragraph 1 of Schedule 12a of the Act.*

**EIP.19/08      LOCAL GOVERNMENT REORGANISATION - APPLICATIONS FOR EARLY RETIREMENT/VOLUNTARY REDUNDANCY**

Consideration was given to a report of Head of Organisational Development and Monitoring Officer (For copy see file of Minutes) regarding an application for Early Retirement/ Voluntary Redundancy.

Members' attention was drawn to Section 3 of the report which outlined the provisions of Regulation 4 and 5 of the Local Government (Structural Boundary Changes) (Staffing) Regulations 2008.

Specific reference was made to the table on the appendix attached to the report which assessed the financial impact of the application.

With regard to financial implications concerns were expressed by some members in relation to paragraph 7.2 and 7.3 detailed in the report concerning the use of Sedgfield Borough Council's General Fund Reserves to meet the associated costs as they considered these to be costs associated with Local Government Reorganisation and, therefore,

should be met by Durham County Council from the Transitional Cost Budget. The Director of Resources explained the position and other Members confirmed that they understood the reasons for the financial arrangements

*RECOMMENDED: That Council be recommended to approve the application.*

**EIP.20/08**

**LOCAL GOVERNMENT REORGANISATION - APPLICATIONS FOR EARLY RETIREMENT/VOLUNTARY REDUNDANCY**

Consideration was given to a report of Chief Executive and Head of Organisational Development (for copy see file of Minutes) regarding applications for Early Retirement/ Voluntary Redundancy from postholders detailed in the report.

Members attention was drawn to Section 3 of the report which outlined details contained in the Department of Communities and Local Government document "Local Government Restructuring: Guidance on Staffing Issues"

Specific reference was made to the appendices attached to the report which assessed the financial impact of the applications.

With regard to financial implications concerns were expressed by some members in relation to paragraph 7.2 and 7.3 detailed in the report concerning the use of Sedgfield Borough Council's General Fund Reserves to meet the associated costs as they considered these to be costs associated with Local Government Reorganisation and, therefore, should be met by Durham County Council from the Transitional Cost Budget. The Director of Resources explained the position and other Members confirmed that they understood the reasons for the financial arrangements

*RECOMMENDED: That Council be recommended to approve the applications*

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**ACCESS TO INFORMATION**

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Mrs. Gillian Garrigan, Spennymoor (01388) 816166 Ext 4240