

County Council

26th February 2008



**Budget 2008/09 incorporating the
Medium Term Financial Plan 2008/09
– 2010/11**

**Key Decision No. Corp/TR/04/07
Key Decision No. Corp/TR/05/07**

Report of Cabinet

Purpose of the Report

- 1 The purpose of the report is to detail the recommendations of Cabinet.
- 2 The recommendations are referenced to the appropriate page, section, paragraph or appendix of the Budget document unless otherwise identified.

Recommendations

- 3 It is recommended that:

SECTION B – Priorities (pages 13 - 14)

- (i) Members confirm the priorities for investment for 2008/09.

SECTION C – Consultation (pages 15 - 39)

- (ii) Members take into account the views of the consultees as they consider budget and MTFP proposals.

SECTION D – The Local Government Finance Settlement (pages 40 – 41)

- (iii) Members note the Local Government Finance Settlement.

SECTION E – Area Based Grant (pages 42 - 52)

- (iv) Members:
 - a) Agree to the passporting of Connexions, LEGI & SSC funding to the relevant LAA partners to achieve priority outcomes (Section E, paragraph 12 a) page 43).

- b) Agree to initially top slice £100,000 of the ABG (excluding Connexions, LEGL and SSC) to be available to the Partnership Board to help alleviate the financial pressures faced by the VCS Infrastructure Bodies with the balance of the grant being allocated across County Council Services as set out in Section E, paragraph 12 b) on page 43.

SECTION F – Dedicated Schools Grant (DSG) (pages 53 – 57)

- (v) Members approve the outline budget plan shown in Annex F2 and note the priorities for distribution of DSG.

SECTION G, H and I – Medium Term Financial Plan (MTFP) (pages 58 - 126)

2007/08 Revenue Budget Recommendations (Revised Budget)

- (vi)
 - a) The revised revenue budget for 2007/08 be approved;
 - b) The County Treasurer be authorised to make any proper accounting transactions that would be in the interests of the County Council in relation to the accounts for 2007/08.

Revenue Budget Recommendations 2008/09

- (vii) The recommendations set out in paragraph 10 of Appendix 2 of this report be approved, in particular, for the year ended 31st March 2009;
 - a) The Budget Requirement be £320,575,804
 - b) The precept be £157,151,662.
 - c) The County Council accepts a council tax at Band D of £1,024.38.

(The increase in the level of the council tax for the year ended 31st March 2009 is 2.9%)

- (viii) In determining the budget requirement, the County Council:
 - a) Notes the Treasurer's comments on the robustness of the estimates and the adequacy of reserves and the risks in the budget.
 - b) Reaffirms the current policy for Reserves .
 - c) Authorises the County Treasurer to determine the most appropriate option for the calculation of the Minimum Revenue Provision (MRP).
 - d) Agrees to the fund the investments as set out in the Medium Term Financial Plan in Annex G1, pages 68 - 73.

- e) Agrees to the proposals for savings and the use of reserves as set out in Annex G2, pages 74 - 82.
- f) Determines accordingly a budget requirement of £320,575,804 which will result in a council tax at Band D of £1,024.38 (an increase of 2.9% over council tax for 2007/08).

SECTION J and K – Capital MTFP and Budget (pages 127 - 164)

Capital Budget Recommendations

- (ix) Members:
 - a) approve short-term unsupported borrowing to balance the budget.
 - b) approve the allocation of £3.5m to the capital programme, but that detailed decisions are taken in the coming months.
 - c) confirm that the local transport capital settlement will continue to be ring-fenced for Transport Capital purposes in 2008/09.

SECTION L – Prudential Code (pages 165 - 168)

- (x) The County Council determines the following limits for external debt for 2008/09:
 - a) Authorised Limit of £237m
 - b) Operational Boundary of £228m

SECTION L – Treasury Management (pages 169 - 178)

- (xi) The County Council approve the following:
 - a) that the Council sets an upper limit on its fixed interest rate exposures for 2008/09, 2009/10 and 2010/11 of 100% of its net outstanding principal sum.
 - b) that the Council sets an upper limit on its *variable* interest rate exposures for 2008/09, 2009/10 and 2010/11 of 50% of its net outstanding principal sums.

- c) that the Council set upper and lower limits for the maturity structure of its borrowings as follows:

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total borrowing that is fixed rate		
	Upper Limit %	Lower Limit %
Under 12 months	20	0
12 months and within 24 months	20	0
24 month and within 5 years	30	0
5 years and within 10 years	50	0
10 years and above	100	0

- d) There are no proposals for the Council to invest sums for periods longer than 364 days. (This is seen as prudent interest rate risk management.)

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Appendix 1: Implications

Local Government Reorganisation

(Does the decision impact upon a future Unitary Council?)

Yes – the MTFP and the budget year strategy will impact onto the new Authority.

Finance

This paper is the basis of the County Council's budget and MTFP

Staffing

Budget decisions will have consequences on this area.

Equality and Diversity

None

Accommodation

Budget decisions will have consequences on this area.

Crime and disorder

Budget decisions will have consequences on this area.

Sustainability

Budget decisions will have consequences on this area.

Human rights

None

Localities and Rurality

Budget decisions will have consequences on this area.

Young people

Budget decisions will have consequences on this area.

Consultation

Widespread consultation on budget proposals.

Health

Budget decisions will have consequences on this area.

Appendix 2: Budget Requirement and Precept

Budget Requirement

- 1 The following paragraphs have been constructed on the basis of a 2.9% increase in council tax.
- 2 The budget requirement would be £320,575,804.

County Council Precept

- 3 The calculation of the precept takes the County Council's budget requirement, incorporating estimated levies from other bodies, and deducts from it contributions from Government in respect of Revenue Support Grant and redistributed non-domestic rates. Allowance also has to be made for the County Council's share of surpluses and deficits on District Councils' collection funds.
- 4 The following paragraphs contain the detailed calculations for the County Council's precept and basic council tax based on a 2.9% increase.
- 5 Assuming a budget requirement of £320,575,804 the calculation is shown in the following table:

	£	£
County Council's Budget Requirement		320,575,804
Less:		
Formula Grant	161,507,015	
Estimated overall net surplus on Collection Funds at 31st March 2007	1,917,127	163,424,142
Amount required from precept		157,151,662

Council Tax Base

- 6 The 'council tax bases' of the District Councils are used to calculate the proportion of the County Council's total precept to be levied on each District Council. The tax base is the estimated full year equivalent number of chargeable 'Band D' dwellings with two or more liable adults and in respect of which tax will be received. The 'council tax bases' as determined by each District and notified to the County Council are set out in the table overleaf:

<i>District Council</i>	<i>Council Tax Base</i>	<i>Precept</i>
		£
Chester-le-Street	17,086.65	17,503,222.51
Derwentside	27,309.00	27,974,793.40
Durham City	26,374.59	27,017,602.48
Easington	26,997.10	27,655,289.28
Sedgefield	26,614.00	27,262,849.30
Teesdale	9,001.97	9,221,438.02
Wear Valley	20,028.18	20,516,467.01
Total	153,411.49	157,151,662.00

Calculation of Basic Council Tax

- 7 The Basic Council Tax for the County Council is calculated by dividing the precept by the aggregate of tax bases as shown below:

$$\frac{\text{Precept}}{\text{Aggregate Council Tax Base}} = \text{Basic Council Tax (At Band D)}$$

$$\frac{\underline{\pounds 157,151,662}}{153,411.49} = \pounds 1,024.38$$

- 8 A Basic Council Tax of £1,024.38 is £28.89 more than the Basic Council Tax of £995.49 for 2007/08.

Precept Instalments

- 9 Following discussions with the Chief Financial Officers of each District Council, the following dates for the payment of the precept in ten equal instalments have been agreed:

2 nd May 2008	8 th October 2008
4 th June 2008	10 th November 2008
7 th July 2008	15 th December 2008
6 th August 2008	14 th January 2009
8 th September 2008	12 th February 2009

Revenue Budget Recommendations 2008/09

- 10 Based on a Council Tax of £1,024.38 the following resolutions are recommended to the County Council:-
- (i) That the annual revenue estimates of individual Services for the year ending 31st March 2009, as detailed in this budget, be approved;
 - (ii) That the overall budget for the year ending 31st March 2009 be approved;
 - (iii) That for the year ending 31st March 2009:
 - (a) the '*council tax base*' for the whole of the Council's area be 153,411.49;
 - (b) there be no County Council expenses relating to a part only of the Council's area;
 - (c) the '*basic amount of council tax*' be £1,024.38 and the amount of the council tax for each category of dwelling be as follows:

Valuation Band	(Proportion of 'Basic Amount')	Council Tax
		£
A	(6/9)	682.92
B	(7/9)	796.74
C	(8/9)	910.56
D	('basic amount')	1,024.38
E	(11/9)	1,252.02
F	(13/9)	1,479.66
G	(15/9)	1,707.30
H	(18/9)	2,048.76

- (d) the 'budget requirement' be £320,575,804 and that, (after taking account of 'Formula Grant' of £161,507,015, and the 'Estimated Net Surplus on District Council Collection Funds at 31st March 2008' of £1,917,127), precepts totalling £157,151,662 be issued to District Councils as follows:

<i>District Council</i>	<i>Council Tax Base</i>	<i>Precept</i>
		£
Chester-le-Street	17,086.65	17,503,222.51
Derwentside	27,309.00	27,974,793.40
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