

DURHAM COUNTY COUNCIL

At an Extraordinary Meeting of the County Council held at the County Hall, Durham on **Tuesday 26 February 2008** at **9.30 a.m.**

Present:

Councillor E Hunter in the Chair

Councillors Armstrong, Barker, Bowman, Carroll, Chaplow, Chapman, Coates, Cordon, Cox, Davies, Douthwaite, Ebbatson, Fergus, E Foster, N C Foster, Freeman, Gray, Henderson, Holroyd, Iveson, Knox, Lethbridge, Magee, Manton, Martin, Mason, Morgan, Myers, Nicholls, Nugent, O'Donnell, Ord, Pendlebury, Priestley, Pye, Robson, Simmons, Southwell, Stelling, Stradling, Vasey, Walker, Williams, Wright and Young.

Apologies for absence were received from Councillors Bell, C Carr, R Carr, Porter and Shuttleworth.

A1 Urgent Items

The Chairman advised Members that she had agreed to take two items of urgent business at the end of the agenda from the Acting Director of Corporate Services about the Implementation Executive and Annual Council meeting.

A2 Declarations of Interest

There were no declarations of interest from Members in relation to the business on the agenda.

A3 Chairman's Announcements

The Chairman referred to the departure at the end of March of Mark Lloyd, Chief Executive, to take up his new post as Chief Executive of Cambridgeshire County Council. The Chairman paid tribute to Mr. Lloyd's eight years service to the County Council, the last three of which had been as Chief Executive. During his time as Chief Executive Mr Lloyd had led the Authority through successive CPA inspections and which had seen the County Council achieve and maintain its reputation as one of the top performing councils in the Country.

Further tributes were paid to Mr Lloyd by Councillors Fergus, Martin, Nugent and Ord.

The Leader of the Council presented Mr Lloyd with a memento of his time with the Council.

In response Mr Lloyd thanked all Members and staff for all the support they had given him during his time with the Council and he wished all those associated with the Council every success for the future.

Resolved:

That the Council place on record its appreciation of Mr Lloyd's outstanding service to the Council.

Anthony Shale

The Chairman advised the Council that Anthony Shale, from Service Direct had been recognised as the Best First Year apprentice in the recent North East Regional Heating and Ventilation Contractors Association Awards. Councillor Carroll, Cabinet Portfolio holder for Service Direct provided further background and then presented the award to Anthony.

Resolved:

That the Council place on record its congratulations to Anthony on his achievement.

A3 Budget 2008/09

(i) Report of County Treasurer - Report under section 25 of the Local Government Act 2003

The Council considered a report from the County Treasurer which provided Members with information on the robustness of the estimates and the adequacy of reserves in accordance with the requirements of Section 25 of the Local Government Act 2003. The report had been incorporated into the Budget Document (for report see file of Minutes).

In the view of the County Treasurer, the robustness of the estimates had been ensured by the budget process, which had enabled all practical steps to be taken to identify and make provision for the County Council's commitments in 2008/09. However, work for 2009/10 and 2010/11 had yet to begin in earnest and it was acknowledged that Local Government Reorganisation and equal pay issues would pose significant challenges.

If the Council was to accept the Cabinet's recommendations in relation to the increase in Council tax for 2008/09, funding for unavoidable service pressures and investments, proposals for savings and for capital, it was the County Treasurers view that the level of risks identified in the budget process

alongside the Authority's financial management arrangements suggested that the level of reserves was adequate.

(NB. A number of minor corrections were tabled for completeness none of which had any material bearing on the budget).

Moved by Councillor Nugent, **Seconded** by Councillor Robson and

Resolved:

That the Council have regard to the report when approving the budget and the level of Council tax for 2008/09.

(ii) Report of Cabinet

The Council then considered a report from Cabinet which included recommendations on Revenue and Capital Budgets, Prudential Code (limits for external debt), Treasury Management and Precept for 2008/09. The Cabinet report had also been incorporated into the Budget Document (for report see file of Minutes).

Moved by Councillor Nugent and **Seconded** by Councillor Robson that the Cabinet report be adopted.

In moving adoption of the Cabinet report, Councillor Nugent made a statement on the Budget and Precept for 2008/09, summarised as follows:

The County Council had maintained its 4 star status under the Comprehensive Performance Assessment (CPA) harder test, achieving a 3 out of 4 score for its 'use of resources', recognising an improving authority, which provided value for money.

Last year the Council delivered its lowest council tax increase of 2.9% in over 10 years and with a combination of excellent financial management and a good settlement from the government the council tax will be kept down with an increase of 2.9% which is well below the retail price index.

Efficiencies of £6m had been made, none of which impacted on service provision

In conclusion, Councillor Nugent thanked both Members and Staff for their support, involvement and commitment during a difficult process of agreeing priorities and setting what he saw as a very detailed, caring and responsive budget.

In seconding the adoption of the Cabinet report, Councillor Robson commented that the Authority had consulted more widely than ever on the budget, the underlying message being that people wanted council tax keeping down and no cuts made to services. In response to criticism from last year's budget and from consultation this year it was proposed that the on-going budget would not be supported from Reserves

In addition to the revenue proposals, it was planned to spend over £100m on capital schemes in 2008/09 and a further £120m over the rest of the Medium Term Financial Plan.

An Amendment was **Moved** by Councillor Martin and **Seconded** by Councillor Southwell as follows:

That the recommendations set out in Paragraph 10 of Appendix 2 of this report (Revenue Budget Recommendations 2008/09) be approved, in particular, for the year ended 31 March 2009 subject to the following changes;

- (a) *that the Budget Requirement be £319,043,223*
- (b) *that the total precept be £155,619,081 and*
- (c) *that the 'basic amount of council tax' be £1,014.39 for a Band D property, an increase of £1.9% over council tax for 2007/08.*

Together with any consequent arithmetical changes that are required in the stated levels of council tax applicable to the various valuation bands and to the stated precepts issued to the individual District Councils.

Councillor Martin thanked the Treasurer and all relevant staff for their efforts in preparing the budget.

On a vote being taken, the Amendment was **lost**.

Councillor Lethbridge, Cabinet Portfolio Holder for 'Use of Resources', also commented on the excellent work the Treasurer and his staff had carried out in producing the budget. In supporting the budget proposals he commented that continual lobbying of the Government on the needs of our diverse communities had begun to pay dividends and the settlement was good news for a change. The County Council had received £27.38m through the new Area Based Grant and the additional flexibility this potentially gave to support the objectives of the Local Area Agreement was to be welcomed. And it was again intended to spend our full allocation of capital in support of the Local Transport Plan and on the Schools Modernisation Programme.

Resolved:

1. That the report of the Cabinet be adopted in full and in particular:

Revised 2007/08 Revenue Budget

- (a) the revised 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 2008/09

The recommendations detailed in Paragraph 10 of Appendix 2 of the report of the Cabinet be approved and in particular for the year ended 31 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
- (d) the County Treasurer's comments on the robustness of the estimates, the adequacy of reserves and the risks in the budget be noted
- (e) the current policy for Reserves be reaffirmed
- (f) the County Treasurer be authorised to determine the most appropriate option for the calculation of the Medium Revenue Provision
- (g) funding for the investments as set out in the Medium Term Financial Plan in Annex G1, pages 68-73, be agreed
- (h) the proposals for savings and the use of reserves as set out in Annex G2, pages 74-82 be agreed.

Capital Budget

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

Prudential Code

The following limits for external debt for 2008/09 be determined:

- (a) Authorised Limit of £237m
- (b) Operational Boundary of £228m

Treasury Management

- (a) an upper limit on fixed interest rate exposures be set for 2008/09, 2009/10 and 2010/11 of 100% of net outstanding principal sum
- (b) an upper limit on variable interest rate exposures be set for 2008/09, 2009/10 and 2010/11 of 50% of net outstanding principal sums
- (c) upper and lower limits for the maturity structure of borrowings be set 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 months and within 5 years	30	0
5 years and within 10 years	50	0
10 years and above	100	0

- (d) no sums be invested for periods longer than 364 days
2. That the Council place on record its appreciation for all of the efforts of both Members and Staff in the production of the Medium Term Financial Plan and Budget for 2008/09.

4. Appointment of Acting Chief Executive

The Council considered a report from the Chief Officer Appointments Committee recommending the appointment of Mr John Richardson to the post of Acting Chief Executive with effect from 1 April 2008 (for report see file of Minutes).

Moved by Councillor Nugent, **Seconded** by Councillor Robson and

Resolved:

That the recommendation be approved.

Councillor Nugent congratulated Mr Richardson on his appointment.

5. Interim Arrangements for the Discharge of Functions

The Council considered a report from the Acting Director of Corporate Services seeking delegated authority for the discharge of functions for the period between the County Council elections and the reconstitution of Council Bodies (for report see file of Minutes).

Moved by Councillor Nugent, **Seconded** by Councillor Robson, and

Resolved:

That the recommendations detailed in the report be approved.

6. Revised Joint Municipal Waste Management Strategy for County Durham 2007-2020

The Council considered a report from the Corporate Director, Environment, regarding the adoption of a Revised Municipal Waste Management Strategy for County Durham as a framework to make progress with the Waste Project, including further rounds of public consultation at key stages (for report see file of Minutes).

Moved by Councillor Nugent, **Seconded** by Councillor Robson, and

Resolved:

That the Revised Strategy be adopted and the supporting recommendations in the report be approved.

7. Implementation Executive Membership

With reference to Minute No. A4 dated 6 February 2008, the Acting Director of Corporate Services reported that Councillor Maddison had decided to withdraw from membership of the Implementation Executive and the Majority Group had since nominated Councillor Coates to take his place.

As the Implementation Order contained no provision for substitutes the Acting Director sought authority to deal with any further casual vacancies.

Moved by Councillor Nugent, **Seconded** by Councillor Robson and

Resolved:

1. That the revised nomination be agreed.
2. That the Acting Director of Corporate Services be authorised to deal with any further casual vacancies, in consultation with the Chairman and Vice-Chairman of the Council.

8. Date of Annual Council Meeting

The Acting Director of Corporate Services advised the Council that the Durham (Structural Change) Order had now been approved by Parliament and confirmed that elections would take place on 1 May 2008.

In view of this latest development it was suggested that the Annual Council Meeting be rescheduled to take place on Friday 23 May 2008 at 10.00 a.m. to ensure that the maximum time was made available for both Members and Officers to prepare for this very important event.

Moved by Councillor Nugent, **Seconded** by Councillor Robson and

Resolved:

That the Annual Council Meeting be rescheduled to Friday 23 May 2008 at 10.00 a.m.