

**COUNCIL**  
3rd March, 2011

**PRESENT** – The Mayor; Councillors Armstrong, Baldwin, Barker, Burton, G. Cartwright, M. Cartwright, Copeland, Cossins, Coultas, Curry, Davies, Dixon, Dunstone, Francis, Galletley, Harker, Haszeldine, L. Haszeldine, Hughes, Jenkinson, Johnson, B. Jones, Mrs. D. Jones, Lawton, Lewis, Lister, Long, D. A. Lyonette, J. M. Lyonette, Maddison, McEwan, Newall, Nicholson, Nutt, Regan, Richmond, Roberts, Ruck, A. J. Scott, Mrs. H. Scott, Stenson, Swainston, Swift, Vasey, Walker, Wallis, Williams and York. (49)

**APOLOGIES** – Councillors Freitag, Hartley, Lee and Robson. (4)

**50. DECLARATIONS OF INTEREST** – Councillors Coultas, Johnson, Stenson, Swainston and Wallis each declared a Personal and Non-Prejudicial interest in relation to the item detailed at Minute 51(1) below.

**51. CABINET REPORTS – (1) Medium Term Financial Plan 2011 to 2015 and Revenue Budget 2011-12** – The Corporate Management Team submitted a report (previously circulated) to agree this Council’s budget requirement for 2011/12, and requesting approval of this Council’s Medium Term Financial Plan for 2011 to 2015.

The submitted report stated that the Council faced its most significant financial challenge since becoming a Unitary Authority in 1997, due to significant reductions in Government funding. It was reported that in 2011/12 the Council would see a reduction of 12.1 per cent in its non-schools Government grant, with a further reduction of 4.7 per cent in 2012/13, and that there was no certainty in relation to grant funding beyond 2012/13 as the Government was proposing a fundamental review of how local government was funded, however based on the figures contained in the Comprehensive Spending Review it was estimated that the Council would lose 24.4 per cent of its non-schools grant funding by 2014/15.

The submitted report outlined that the front-loading of grant reductions, with nearly half of the expected total over four years being reduced in the first year, meant that there was very little scope to make changes to the initial savings proposals published for consultation in November. It was reported that, despite the proposed challenging savings programme, it would be necessary to draw on approximately £2.1million of reserves to balance the budget for 2011/12.

The submitted report informed Members that Cabinet had anticipated the reduction in Government grant announced in December 2010, and released its initial savings proposals which totalled £13.8million for consultation in November 2010. It was reported that the initial consultation informed Cabinet in the production of the Draft Medium Term Financial Plan, which was agreed for further consultation on 18<sup>th</sup> January 2011. The submitted report stated that Cabinet considered the Medium Term Financial Plan again on 22<sup>nd</sup> February, 2011 and took into consideration feedback

from consultation, further work to assess the impact of budget proposals, and the views of Scrutiny Committees.

The submitted report stated that the majority of the initial savings proposals, which totalled £11.8million, were included in the proposed Medium Term Financial Plan appended to the submitted report, however further annual savings of £7.7million would need to be made by 2014/15.

The submitted report highlighted that annual Council Tax increases of 3 per cent in 2012 to 2014 had been incorporated into the Medium Term Financial Plan to help balance the budget and mitigate the impact of grant reduction on front-line services.

**RESOLVED** – (a) That the Revenue Medium Term Financial Plan be approved.

(b) That a redundancy and decommissioning reserve of £4.240million be established.

(c) That the capitalisation order for redundancies be utilised to fund redundancies.

(d) That all available capital receipts be utilised to fund redundancy costs and repay debt.

(e) That a zero Council tax increase for 2011/12, and the following potential increases, be included in the MTFP for future years:-

	%
2012/13	3
2013/14	3
2014/15	3

(f) That the Budget reduction proposals set out in Table 2 (pages 18 and 19) and Appendix 8 of the submitted report, be approved.

(g) That the schedule of charges, set out in Appendix 9 of the submitted report, be approved.

(h) That Cabinet be given delegated power to vary the budget for 2011-12 by up to £0.5million.

(i) That, should it not be possible to deliver the proposed changes to the redundancy calculator and premium payments by agreement, a pay freeze for one year with effect from 1st April, 2012 be included in the Medium Term Financial Plan.

(j) That the proposed Capital Medium Term Financial Plan, as set out on pages 25 to 29 and Appendix 12 of the submitted report, be approved.

**REASONS** – (a) To enable the Council to continue to plan services and finances over the medium term.

(b) To set the 2011/12 budget and Council Tax in compliance with statutory requirements and the Council's Constitution.

**(2) Prudential Indicators and Treasury Management Strategy Report 2011/12 –** The Director of Resources submitted a report (previously circulated) which requested that Council adopt the Prudential Indicators and Limits for 2011/12 to 2013/14 relating to capital expenditure and Treasury Management activity, a policy statement relating to the Minimum Revenue Provision, and the Treasury Management Strategy 2011/12, which included the Investment Strategy for 2011/12.

The submitted report outlined the Council's Prudential Indicators for 2011/12 – 2013/14, and set out the expected treasury operations for this period. It was stated that the report fulfilled four key legislative requirements. The information contained within the submitted report regarding the Council's capital expenditure plans, treasury management and prudential borrowing activities indicated that they were within the statutory framework and consistent with the relevant codes of practice, prudent, affordable and sustainable, and an integral part of the Council's Revenue and Capital Medium Term Financial Plans.

The submitted report outlined the consideration given to the Prudential Indicators and Treasury Management Strategy by the Audit Committee at its Special Meeting on 28th January 2011, and that the Audit Committee was satisfied with the Prudential Indicators and Treasury Management Strategy. The submitted report stated that, since consideration by the Audit Committee, results of the Government's review of self-financing for council houses had become known, and it was highlighted that the indicators to enable the Council to buy itself out of the housing subsidy system stated that the Council would be required to borrow an additional £27.3m for housing purposes. This additional borrowing was not included in the submitted report, and it was reported that a further report to update the prudential indicators would be taken to the Audit Committee, Cabinet and Council later in 2011 when the full implications of this were known. It was highlighted that this additional borrowing would not impact on the General Fund and should not be required before March 2012.

**RESOLVED** – (a) That the Prudential Indicators and limits for 2011/12 to 2013/14, as summarised in Tables 1 and 2 of the submitted report, be approved.

(b) That the Minimum Revenue Provision (MRP) statement, contained within paragraph 32 of the submitted report, be approved.

(c) That the Treasury Management Strategy 2011/12–2013/14, as detailed within paragraphs 44 to 63 of the submitted report, be approved.

(d) That the Investment Strategy 2011/12, as contained in paragraphs 64 to 84 of the submitted report, be approved.

**REASONS** – (a) To comply with the Prudential code for Capital Finance in Local Authorities and the Department for Communities and Local Government (CLG) guidance on investments.

- (b) To comply with the requirements of the Local Government Act 2003.
- (c) To approve a framework for officers to work within when making investment decisions.

**(3) Housing Revenue Account – Revenue Budget 2011/12** – The Director of People submitted a report (previously circulated) requesting that consideration be given to proposals in relation to the revenue budget, rent levels and service charges for the Council’s Housing Revenue Account (HRA) for the financial year 2011/12.

The submitted report considered, in particular, the impact of the Government’s Rent Restructuring Policy, the HRA Subsidy determination and the proposed increase in rent and service charges.

- RESOLVED** – (a) That an average weekly rent increase of 6.46% (£3.60) be implemented in line with the Government rent restructuring model.
- (b) That garage rents and service charges be increased, as detailed in Tables 2 and 3 of the submitted report.
  - (c) That the budget, as detailed in Appendix 1 of the submitted report, be approved.

**REASONS** – To enable the Council to deliver an appropriate level of service to tenants.

**52. COUNCIL REPORTS – (1) Setting the Council Tax for 2011/12** – The Director of Resources submitted a report (previously circulated) requesting that consideration be given to setting this Council’s Council Tax for 2011/2012, which was required to be set before 11<sup>th</sup> March 2011, in accordance with Section 30 of the Local Government Finance Act 1992.

**RESOLVED** – (a) That the following amounts be calculated by the Council for 2011/12, in accordance with sections 32 to 36 of the Act and relevant regulations:-

(i)	the aggregate of the amount which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act, which is its expenditure	£252,943,848
(ii)	the aggregate of the amounts which the Council estimates for the items set out in Sections 32(3) (a) to (c) of the Act, which is its income	£171,747,928
(iii)	the amount by which (i) exceeds (ii) calculated by the Council for the year in accordance with Section 32(4) of the Act as its budget requirement	£81,195,920
(iv)	the aggregate of the sums which the Council estimates will be payable into the General Fund in respect of Revenue Support	

	Grant £9,744,955, redistributed Business Rate Grant £31,526,574, reduced by the amount the Council estimates will be transferred from the General Fund to the Collection Fund as its deficit in respect of Council Tax, £200,000, in accordance with Section 97(4) of the Act	£41,071,529
(v)	the amount calculated by the Council in accordance with Section 33 of the Act, as the basic amount of council tax for the year	£1,153.24
(vi)	the aggregate amount of all special items referred to in Section 34(1) of the Act	£76,848
(vii)	the basic council tax for 2011/12 calculated in accordance with Section 34(2) for dwellings in those areas that have no parish precepts or other special items	£1,151.03
(viii)	the basic council tax for 2011/12 calculated in accordance with Section 34(3) for dwellings in those areas that have parish precepts be as set out in <b>Appendix 2</b> , column 5.	
(ix)	the amounts of council tax at items (vii) and (viii) multiplied by the proportion set out in paragraph 17 which is applicable to each category of dwelling in its area, in accordance with Section 36 of the Act be as set out in <b>Appendix 3</b>	

(b) It be noted that for the year 2011/12 Durham Police Authority has stated the following amounts in the precept issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown : -

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Police Authority	102.27	119.32	136.36	153.41	187.50	221.59	255.68	306.82

(c) It be noted that for the year 2011/12 County Durham and Darlington Fire and Rescue Authority has stated the following amounts in the precept issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown: -

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Fire Authority	58.56	68.32	78.08	87.84	107.36	126.88	146.40	175.68

The Council, in accordance with Section 30(2) of the Act hereby sets the amounts set out in **Appendix 4** as the amounts of council tax for 2011/12 for each of the categories of dwellings.

**REASON** – To set the Council Tax for the Council’s area in accordance with statutory requirements