

ITEM NO. 2 (c)

COUNCIL

28th February 2013

PRESENT – The Mayor; Councillors Carson, Cartwright, Copeland, Cossins, Coultas, Crudass, Curry, Dixon, Donoghue, Francis, Grundy, Harker, Harman, Haszeldine, C. L. B. Hughes, L. Hughes, Hutchinson, Johnson, Mrs. D. Jones, Kelley, Knowles, Landers, Lawton, Lee, Long, D. A. Lyonette, J. M. Lyonette, Macnab, McEwan, Newall, Nutt, Regan, E.A. Richmond, S. Richmond, A. J. Scott, Mrs. H. Scott, Stenson, Swainston, C. Taylor, J. Taylor, Thistlethwaite, Wallis and York. (43)

APOLOGIES – Councillors Galletley, L. Haszeldine, B. Jones, Lewis, Lister, J. Vasey, L. Vasey and Wright. (8)

53. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

54. CABINET REPORTS – (1) Medium Term Financial Plan 2013/14 to 2016/17 - The Chief Officers Executive submitted a report (previously circulated) to approve this Council's Medium Term Financial Plan (MTFP) for 2013/14 to 2016/17.

The submitted report stated that the Council continued to face a significant financial challenge, and that the Local Government Financial Settlement for 2013/14 and 2014/15 had given more certainty as to the size of the financial reductions that needed to be made by the Council.

The submitted report explained that the Government had reduced the limit by which Council Tax could be increased, without a referendum, from 3.5 per cent to 2 per cent, and it was outlined that a 2 per cent increase had been included in the MTFP for 2013/14, and that initial plans included a 2 per cent increase for each year thereafter. It was noted that the Council would be undertaking a fundamental review of its finances during 2013 in light of the increasing demand for services, in particular in social care.

It was stated that, due to the response already taken in terms of the financial challenge, projections indicated that, in the short term, the Council could in effect set a 'standstill budget' in 2013/14, whilst longer term plans were developed. The submitted report outlined the intention to develop further proposals to reduce spending during 2013, however it was noted that the level of reduction required suggested that the Council would face a significant challenge to fund services above the statutory minimum level, which would mean that some services would have to be reduced or stopped completely.

RESOLVED – (a) That the Revenue Medium Term Financial Plan, as summarised in Appendix 7 of the submitted report, including the following, be

approved:-

- (i) That Council Tax be increased by 2% for 2013/14;
 - (ii) That the schedule of charges set out in Appendix 3 of the submitted report, be approved;
 - (iii) That the use of £2.914m of revenue balances in 2013/14, be approved;
 - (iv) That there are no changes to agreed policy and service levels;
 - (v) That £1.5m be transferred from revenue balances to the redundancy reserve;
 - (vi) The capitalisation of £1m of expenditure currently included in the revenue budget for years 2013/14 and 2014/15;
 - (vii) Revenue provision to cover the borrowing of £1m to fund the purchase of land at Blackwell Grange Golf Club as part of the arrangement to sell Stressholme Golf Course;
 - (viii) A delegation for Cabinet to vary the Revenue budget for 2013/14 by up to £0.5m without further Council approval.
- (b) That the approach to developing further budget reductions, as outlined in paragraph 36 of the submitted report, be approved.
- (c) That the Capital Medium Term Financial Plan, set out in paragraph 41 to 56, and in Appendix 5, of the submitted report, including a delegation for Cabinet to vary the Capital Budget for 2013/14 by up to £0.5m without further Council approval, be approved.

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

(b) To set the 2013/14 budget and Council Tax in compliance with statutory requirements and the Council's constitution.

(c) Further reductions in spending during 2013/14 will reduce the call on revenue balances.

(d) To provide an approach to develop a sustainable MTFP.

(2) Housing Revenue Account – Revenue Budget 2013/14 – The Director of Place submitted a report (previously circulated) requesting that consideration be given to proposals for the revenue budget, rent levels and service charges for the Council's Housing Revenue Account (HRA) for the financial year 2013/14.

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

RESOLVED – (a) That an average weekly rent increase of 4.4% (£2.85) be implemented in line with the Government rent restructuring model.

(b) That the £160K General Fund contribution towards the cost of Sheltered and Extra Care accommodation ceases.

(c) That Garage rents and service charges be increased as detailed in Table 1 of the submitted report.

(d) That the budget, as detailed in Appendix 1 of the submitted report, be approved.

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

(3) Prudential Indicators and Treasury Management Strategy 2013/14 – The Director of Resources submitted a report (previously circulated) which requested that Council adopt the Prudential Indicators and Limits for 2013/14 to 2015/16 relating to capital expenditure and Treasury Management activity, a policy statement relating to the Minimum Revenue Provision, and the Treasury Management Strategy 2013/14, which included the Investment Strategy for 2013/14.

The submitted report outlined the Council's Prudential Indicators for 2013/14 – 2015/16, and set out the expected treasury operations for this period. It was stated that the report fulfilled key legislative and guidance 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 18th January 2013, and that the Audit Committee was satisfied with the Prudential Indicators and Treasury Management Strategy.

RESOLVED – (a) That the Prudential Indicators and limits for 2013/14 to 2015/16, as summarised in Tables 1 and 2 of the submitted report, be approved.

(b) That the Minimum Revenue Provision (MRP) statement, contained within paragraph 26 of the submitted report, be approved.

- (c) That the Treasury Management Strategy 2013/14–2015/16, as detailed within paragraphs 35 to 54 of the submitted report, be approved.
- (d) That the Annual Investment Strategy 2013/14, as contained in paragraphs 55 to 89 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.

55. COUNCIL REPORTS – (1) Setting the Council Tax for 2013/14 – The Director of Resources submitted a report (previously circulated) requesting that consideration be given to setting this Council's Council Tax for 2013/2014, which was required to be set before 11th March 2013.

RESOLVED – (a) That the following amounts be calculated by the Council for 2013/14 in accordance with sections 31 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 31A(2) of the Act taking into account all precepts issued to it by Parish Councils, which is its expenditure	£260,921,876
(ii)	the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act, which is its income	£224,757,121
(iii)	the amount by which (i) exceeds (ii) calculated by the Council for the year in accordance with Section 31A(4) of the Act as its Council Tax Requirement	£36,164,755
(iv)	The amount at item 5(iii) above, divided by the council tax base in paragraph 14 below, calculated by the Council in accordance with Section 31B of the Act as the basic amount of its Council Tax for the year (including Parish Precepts)	£1,218.55
(v)	the aggregate of all special items (Parish Precepts) referred to in Section 34(1) of the Act as in the attached Appendix 1	£102,876

- (vi) the amount at 5(iv) above less the result given by dividing the amount at 5(v) above by the amount at paragraph 14 below, calculated by the Council in accordance with Section 34(2) of the Act as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept relates £1,215.08
- (vii) That the basic council tax for 2013/14 calculated for dwellings in those areas that have parish precepts be as set out in Appendix 1, column 5.
- (viii) That the Council, in accordance with Sections 30 and 36 of the Act, hereby sets the aggregate amounts shown in **Appendix 2** as the amount of Council Tax for 2013/14 for each part of its area and for each of the categories of dwellings

- (b) It be noted that for the year 2013/14 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	104.31	121.70	139.08	156.47	191.25	226.02	260.79	312.95

- (c) It be noted that for the year 2013/14 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	60.30	70.35	80.40	90.45	110.55	130.65	150.75	180.90

- (d) The Council, in accordance with Section 30(2) of the Act hereby sets the amounts set out in **Appendix 3** as the amounts of council tax for 2013/14 for each of the categories of dwellings.

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