

**COUNCIL**

25th February, 2010

**PRESENT** – The Mayor; Councillors Armstrong, Barker, Burton, G. Cartwright, M. Cartwright, Copeland, Coultas, Curry, Davies, Dixon, Dunstone, Francis, Freitag, Galletley, Harker, Hartley, Haszeldine, L. Haszeldine, Hughes, Jenkinson, Johnson, B. Jones, Mrs. D. Jones, Lawton, Lee, Lewis, Lister, Long, D. A. Lyonette, J. M. Lyonette, Maddison, McEwan, Newall, Nutt, Regan, Roberts, Robson, A. J. Scott, Mrs. H. Scott, Stenson, Swainston, Swift, Vasey, Walker, Wallis and Williams. (47)

**APOLOGIES** – Councillors Baldwin, Chapman, Nicholson, Richmond, Thistlethwaite and York. (6)

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

**51. CABINET REPORTS – (1) Medium Term Corporate Plan 2010 to 2014 incorporating the Medium Term Financial Plan** – The Corporate Management Team submitted a report (previously circulated) to agree this Council's budget requirement for 2010/11, and requesting approval of this Council's Medium Term Corporate Plan

The submitted report stated that the Council faced its most significant financial challenge since becoming a Unitary Authority in 1997, due to the impact of the economic downturn on public sector funding, and as the Government were not scheduled to announce the Comprehensive Spending Review until November 2010, future budget gaps were based on judgements at this stage. It was reported that present judgements suggested that the Council may need to reduce its non-schools budgets by £21.5M (11%) by 2013/2014.

The submitted report outlined that the 2010/2011 budget proposal was fully funded after making efficiency and prioritisation decisions, and stated that potential budget gaps beyond 2010/2011 may be bridged by reference to three strands of the business model. It was highlighted that 2010/2011 would be a period dedicated to reviewing services against the business model to develop options for Members to consider as part of future revisions to the Medium Term Financial Plan (MTFP).

The submitted report summarised the economic and strategic context, the development of the Corporate Plan, the linkages to the Sustainable Community Strategy, the development of an initial draft budget based on existing Council policy and service levels, the potential level of resources and income, and the use of the new business model for the future. The submitted report also outlined the impact on the workforce, and provided a narrative in relation to the major elements of the Capital Medium Term Financial Plan, in terms of ongoing schemes.

The submitted report informed Members that the initial draft budget agreed by Cabinet in January had been the subject of consultation, and that every member of the public in Darlington had been given the opportunity to comment on the proposals. It was reported that, as a result of the consultation, two changes were made to the proposals in the draft MTFP agreed by Cabinet in January.

**NOTE** – A vote on the recommendation was taken by a call of names of the Members present and there appeared:-

**For the Recommendation –**

Councillors Burton, Copeland, Dixon, Francis, Harker, Hartley, Haszeldine, L. Haszeldine, Hughes, Jenkinson, Lister, Long, D. A. Lyonette, J. M. Lyonette, Maddison, McEwan, Newall, Nutt, Regan, Robson, A. J. Scott, Swift, Vasey, Walker, Wallis and Williams. (26)

**Against the Recommendation –**

Councillors Barker, Curry, Dunstone, Freitag, Lawton and Swainston. (6)

**Abstentions –**

The Mayor, Councillors Armstrong, G. Cartwright M. Cartwright, Coultas, Davies, Galletley, Johnson, B. Jones, Mrs. D. Jones, Lewis, Roberts, Mrs. H. Scott, and Stenson. (14)

**RESOLVED** – (a) That the Corporate Plan, detailed at Appendix 1 of the submitted report, with delegation given to the Chief Executive in consultation with the Leader to make any minor amendments, to enable the Plan to be completed and published by 31st March 2010, be approved.

(b) That the Schedules of Charges, detailed in Appendices 11 to 14 of the submitted report, be approved.

(c) That the Capital Medium Term Plan, detailed in Appendix 15 of the submitted report, be approved.

(d) That the Revenue Medium Term Financial Plan for 2010 to 2014, detailed in Appendix 17 of the submitted report, be approved.

(e) That the Budget Requirement for 2010-11 of £77,981,002, including parish precepts, be approved.

(f) That Council note that the Budget proposals with workforce implications in terms of redundancy and changes to terms and conditions are subject to ongoing consultation in accordance with statutory requirements and that under delegated powers relevant officers will continue to seek to reach agreement on the proposed changes. Any financial impact of changes agreed as part of the ongoing consultation process will be reported back to Cabinet.

- (g) That Council note that, if agreement after the statutory consultation period agreement cannot be reached on changes to terms and conditions, a report on the position will be presented to Council.

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

(b) To set a revenue budget for 2010-11, in compliance with statutory requirements, and the Council's Constitution.

**(2) Prudential Indicators and Treasury Management Strategy Report 2010/11 –**

The Director of Corporate Services submitted a report (previously circulated) which requested that Council adopt the Prudential Indicators and Limits for 2010/11 to 2012/13 relating to capital expenditure and Treasury Management activity, a policy statement relating to the Minimum Revenue Provision, and the Treasury Management Strategy 2010/11, which included the Investment Strategy for 2010/11.

The submitted report outlined the Council's Prudential Indicators for 2010/11 – 2012/13, 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 report also included a Treasury Management Strategy for 2010/11 – 2012/13 covering the Council's debt and investment projections, estimates and limits on future debt, expected movements in interest rates and the Council's borrowing and investment strategies for future years. Key objectives of the investment strategy were outlined noting that the primary objective being safeguarding of the repayment of principal and interest due to the Council, ensuring liquidity of those investments and finally the rate of return on the investment. A number of changes to the previous strategy were proposed with those objectives in mind.

The submitted report outlined the consideration given to the Prudential Indicators and Treasury Management Strategy by the Audit Committee at its Special Meeting on 22<sup>nd</sup> January 2010.

**RESOLVED** – (a) That the Prudential Indicators and limits for 2010/11 to 2012, as summarised in Tables 1 and 2 of the submitted report, be approved.

(b) That the Minimum Reserve Provision (MRP) statement, contained within paragraph 27 of the submitted report, be approved.

(c) That the Treasury Management Strategy 2010/11-2012/13, contained within paragraphs 40-59 of the submitted report, be approved.

(d) That the Investment Strategy 2010/11, contained within paragraphs 60 to 76 of the submitted report, be approved.

- (e) That the revision to the Council's Constitution, contained within Appendix 1 of the submitted report, be approved.

**REASONS** – (a) In order 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 2010/11** – The Director of Community Services submitted a report (previously circulated) requesting approval of the revenue budget, rent levels and service charges for the Council's Housing Revenue Account (HRA) for the financial year 2010/11.

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 2.00% (£1.10) be implemented in line with the Government rent restructuring model.

- (b) That service charges be introduced for TV aerials and door entry systems.

- (c) That garage rents and service charges be increased, as detailed within Tables 2 and 3 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.

**52. COUNCIL REPORTS – Setting the Council Tax for 2010/11** – The Director of Corporate Services submitted a report (previously circulated) requesting that consideration be given to setting this Council's Council Tax for 2010/2011, which was required to be set before 11<sup>th</sup> March 2010, in accordance with Section 30 of the Local Government Finance Act 1992.

**RESOLVED** – (a) That the following amounts be calculated by the Council for 2010/11, 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 | £245,821,303 |
| (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	£167,840,301
(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	£77,981,002
(iv)	the aggregate of the sums which the Council estimates will be payable into the General Fund in respect of Revenue Support Grant £4,923,699 and redistributed Business Rate Grant £33,907,604, 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 as at 31 <sup>st</sup> March 2010, £675,000, in accordance with Section 97(4) of the Act	£38,156,303
(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	£1,153.15
(vi)	the aggregate amount of all special items referred to in Section 34(1) of the Act	£73,303
(vii)	the basic council tax for 2010/11 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 2010/11 calculated in accordance with Section 34(3) for dwellings in those areas that have parish precepts be as set out in Appendix 2, 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 Appendix 3	

- (b) It be noted that for the year 2010/11 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 2010/11 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 £ p	B £ p	C £ p	D £ p	E £ p	F £ p	G £ p	H £ p
Fire Authority	58.56	68.32	78.08	87.84	107.36	126.88	146.40	175.68

(d) 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 2010/11 for each of the categories of dwellings.

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