

Cabinet

15th December 2010

**Detailed Year End Financial Report –
2009/10**



Report of Don McLure, Corporate Director Resources [Cabinet Portfolio Holder, Councillor Alan Napier]

Purpose of the Report

- 1 This report presents Members with information about the 2009/10 financial outturn as included in the Council's final accounts.

Background

- 2 The process of presenting outturn reports is closely linked to the Statement of Accounts, which were approved at Audit Committee on 27 October 2010. The Statement of Accounts is submitted in a format which satisfies various statutory and recommended accountancy requirements.
- 3 This report provides Members with an opportunity to consider carefully the overall and service financial performance of the Authority at the end of 2009/10 and provides more information on which the Statement of Accounts is based. It covers both Revenue and Capital expenditure and provides a link to the original budget.

Approach and Protocols

- 4 The production of management accounts, statutory accounts and the requirement to report under various legal, technical and financial guidelines can make the process of understanding the final outturn reports and statutory accounts difficult.
- 5 This was the first year of the Unitary Authority and a number of issues made this year more challenging than most.

6 The Report is divided into 6 Sections:

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Section 1: Executive Summary

Revenue Expenditure

1 After deducting the impact of centrally held budgets, Local Government Review (LGR) transitional costs and contributions to and from earmarked reserves Service expenditure was £14.056m more than the revised original budget. There are a range of both over and underspends that make up this figure. The key areas for each Service are as follows:

- Adults, Wellbeing and Health (AWH) - £0.415m underspend. As advised by the Corporate Director of Adults, Wellbeing and Health in previous years, the demographic trends in Older People and those under 65 suffering from Mental Health or Learning Disability problems is now clearly impacting on spend within the Adult Care budget. However, as a result of prudent financial management and the designing of proactive processes and ongoing management in relation to maximising income the service has been able to contain demographic pressures. Various service overspends have been more than matched by the over achievement of income recovery as a direct result of the proactive approach to income maximisation.
- Assistant Chief Executive (ACE) - £1.798m underspend is primarily due to the late appointment in year of staff into new service areas, particularly Partnership and Community Engagement and Planning and Performance. The savings resulting from holding posts vacant were able to fund short term agency staff costs which were necessary to ensure core services could be provided pending permanent appointment of staff.
- Children and Young Peoples Services (CYPS) Non Dedicated Schools Grant (DSG) - £2.743m overspend due in the main to the demand on Safeguarding and Specialist Services (SaSS) where the number of child referrals, adoption cases and childcare proceedings, many of which are increasingly complex, have risen sharply. This is consistent with the experience of most Local Authorities in the country and is linked to a small number of high profile child protection cases. The actual SaSS overspend exceeds £4.4m but efficiency measures and prudent financial management reduced spending within service areas during the year have mitigated the impact on the overall CYPS budget.
- Neighbourhood Services - £7.514m overspend. The main reasons for the £7.514m variance relate to overspends

associated with Winter Maintenance (£2.4m), major flooding incidents (£1.1m), costs of bringing the Greencycle service in-house (£1.1m), loss of income / unachievable base budgeted income levels in design services, scientific services etc. (£0.9m), income budget alignment errors in respect of car parking (£0.3m), loss of income recharges to former Housing Revenue Accounts (£0.5m), additional fleet management and depot running costs (£0.5m), unbudgeted financing charges in respect of Meadowfield Depot (£0.6m), loss of income due to delays in Capital Programmes (£0.8m), and writing off irrecoverable costs of knockdown damage (£0.9m). The overspend was offset from underspending on employee costs of £2.7m due to vacancies and delayed recruitment, and an underspend on waste disposal charges of £0.9m in the year.

- Regeneration and Economic Development - £0.656m overspend. Overspends in relation to employee costs (£3.8m) and agency and contracted costs (£4.0m) were partially offset by underspends in respect of supplies and services (£2.6m) and an over recovery of income (£4.5m).
- Resources - £5.356m overspend due to increased premises costs connected with ongoing maintenance costs of surplus properties which were not disposed of due to the suppressed property market (£1.5m). The use of agency staff and consultants (£2.5m) contributed towards the overspend, although savings from vacant posts partially offset these additional costs.

- 2 Investment income was £2.591m better than budgeted mainly due to backdated interest in respect of a VAT reclaim regarding output tax on all fees and charges in leisure for the period 1 April 1990 to 31 March 1993 and a slower than anticipated spend on capital.
- 3 After accounting for in year expenditure on equal pay, Contingencies were under spent by £9.675m due in the main to us not needing to call on the job evaluation provision.
- 4 Finally, grants from government exceeded the original budget by £3.800m, in the main due to the amount received in Area Based Grants exceeding that allocated to the County Council, at the time the budget was set, by £1.476m. In addition the Performance Reward Grant exceeded the original budget by £2.057m.
- 5 In summary the result of the above leads to actual net deficit for the year of £13.937m which has resulted in a reduction in the General Reserve. The budget reflected a use of the General Reserve to cover the LGR transition costs which were estimated to be £8.851m and a

general use of Earmarked Reserves amounting to £4.296m. Therefore the net overspend for the year amounts to £0.790m.

Capital Expenditure

- 6 Capital expenditure for 2009/10 was £119.915m; £42.550m less than original budget. £38.711m was invested in Children and Young People's Services, £4.655m in Adults, Wellbeing and Health, £20.247m in Neighbourhood Services, £53.463m in Regeneration and Economic Development (including Housing) and £2.839m in other services.

Housing Revenue Account (HRA)

- 7 In overall terms the HRA delivered a surplus of £1.514m, which has been added to existing balances. During the year there were variations within the account which include:

- Contributions to pension fund deficit lower than expected saving £0.930m.
- Rents rates taxes on properties held in HRA reduced by £0.090m.
- Savings on repairs and maintenance budget due to capitalisation of significant repairs for Durham City Homes.
- Salary savings on staffing due to local government reorganisation whereby costs no longer chargeable to HRA.
- Savings on insurance charges due to revised Council arrangements.
- Investment income reduced by £0.089m due to lower interest rates.
- Wardens income reduced by £0.220m.
- Bad Debt provision for housing rents increased to fit in line with revised accounting policy of Durham County Council resulting in an additional £0.661m charge to the account.

Treasury Management

- 8 The exceptional circumstances during the year due to the global recession has had the effect of deteriorating investment returns and continuing counterparty risk. During 2009/10 the Council complied with its legislative and regulatory requirements. The actual prudential indicators for the year, with comparators, are as follows:

Actual Prudential Indicators	2008/09	2009/10
	£m	£m
Actual Capital Expenditure	87.2	119.9
Capital Financing Requirement:		
Non-HRA	248.7	284.6
HRA	0	133.9
Total	248.7	418.5

- 9 The Corporate Director Resources also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit and the Authorised Limit, was not breached.
- 10 At 31 March 2010, the Council's external debt was £316.1m (£172.8m at 31 March 2009) and its investments totalled £170.5m (£119m at 31 March 2009).
- 11 The financial year 2009/10 continued the challenging financial markets and environment of the previous year, although the second half of the year did see the UK economy recovering, albeit very slowly.

Conclusion

- 12 There was a reduction in the General Reserve of £13.937m during 2009/10 compared to a budgeted reduction in reserves of £13.147m. The balance of general reserves as at 31 March 2010 was £28.542m which was in line with prudent accounting guidelines.
- 13 Capital expenditure during the year was £119.915m, £42.550m lower than the original budget.

Recommendation

- 14 Members are asked to note this report.

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Durham County Council
Year-end Financial Report
2009/10

Section 2: Revenue Summary

	Revised Original Budget	Outturn	Variance	Budgets Held Centrally	LGR Transition	Contribution to / Use of Reserves	Adjusted Outturn	Adjusted Variance	Adjusted Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Children & Young People	85,529	148,570	63,041	-59,364	-19	-900	88,287	2,758	3.22
DSG-Schools and LA	0	2,732	2,732	0	0	-2,747	-15	-15	0.00
Adult Wellbeing and Health	162,528	179,953	17,425	-15,672	-80	-2,088	162,113	-415	-0.26
Neighbourhood Services	89,452	126,411	36,959	-28,593	-1,512	660	96,966	7,514	8.40
Regeneration and Economic Dev	53,560	66,599	13,039	-18,755	-276	6,648	54,216	656	1.22
Resources	42,849	24,249	-18,600	29,267	-5,108	-203	48,205	5,356	12.50
Assistant Chief Executive	14,193	8,266	-5,927	504	-457	4,082	12,395	-1,798	-12.67
	448,111	556,780	108,669	-92,613	-7,452	5,452	462,167	14,056	3.14
Contingencies	12,138	2,463	-9,675				2,463	-9,675	-79.71
LGR Transition Costs	8,851	0	-8,851		7,452		7,452	-1,399	-15.81
Centrally Administered Costs	1,884	0	-1,884	7,038			7,038	5,154	273.57
NET COST OF SERVICES	470,984	559,243	88,259	-85,575	0	5,452	479,120	8,136	1.73
Reversal of Capital charges	-11,430	-102,986	-91,556	91,556			-11,430	0	0.00
Reversal of Government Grants Deferred	0	10,932	10,932	-10,932			0	0	0.00
Reversal of REFCUS (Capex)	0	-14,229	-14,229	14,229			0	0	0.00
Reversal of REFCUS (Grants)	0	8,929	8,929	-8,929			0	0	0.00
Reversal of Icelandic Impairment	0	349	349	-349			0	0	0.00
Capital financing	13,347	11,890	-1,457				11,890	-1,457	-10.92
Direct Revenue Financing	0	194	194				194	194	0.00
Reveral of loss on disposal of fixed assets	0	2,343	2,343	-2,343			0	0	0.00
Loss on disposal of fixed assets	0	-2,343	-2,343	2,343			0	0	0.00
							0	0	
Insurance - uncertain liabilities	0	-755	-755			-45	-800	-800	0.00
Interest and Investment income	-2,435	-5,026	-2,591				-5,026	-2,591	106.41
Interest payable and similar charges	10,619	11,609	990				11,609	990	9.32
Area Based Grant	-46,533	-48,009	-1,476				-48,009	-1,476	3.17
Net Operating Expenditure	434,552	432,141	-2,411	0	0	5,407	437,548	2,996	0.69
Amount required from precepts	-193,590	-193,590	0				-193,590	0	0.00
Estimated net surplus on District Council Collection Funds	-2,400	-2,400	0				-2,400	0	0.00
Performance Reward Grant	-1,250	-3,307	-2,057			1,559	-1,748	-498	39.84
LABGI Grant	0	-267	-267			267	0	0	0.00
Use of Earmarked Reserves	0	0	0			-1,708	-1,708	-1,708	0.00
Revenue Support Grant	-42,037	-42,037	0				-42,037	0	0.00
Re-distributed Non Domestic Rates	-182,128	-182,128	0				-182,128	0	0.00
Surplus (-) / Deficit for the year	13,147	8,412	-4,735	0	0	5,525	13,937	790	6.01

Negative figures represent an underspend

Section 3: Revenue Expenditure

Adults, Wellbeing and Health

Revised Original Budget	Outturn	Variance	Budgets Held Centrally	LGR Transition	Contribution to / Use of Reserves	Adjusted Outturn	Adjusted Variance	Adjusted Variance
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
162,528	179,953	17,425	-15,672	-80	-2,088	162,113	-415	-0.26

- 1 The final net expenditure for Adults Wellbeing and Health for 2009/10 was £179.953m. After removing spend on activity where budgets were held centrally, LGR Transition costs and the use of earmarked reserves, the adjusted outturn figure reduces to £162.113m. This represents an underspend of £0.415m compared against the original budget of £162.528m, a variation of only 0.26%.
- 2 There are a number of issues which have impacted on the Adults, Wellbeing and Health budget during 2009/10. Key issues include the following
 - The demographic trends in Older People and those under 65 suffering from Mental Health or Learning Disability problems is now clearly impacting on spend within the Adult Care budget. Spend in all care provision areas has increased from previous years.
 - The Life Opportunities Programme (improving day care services for adults with learning disabilities) has been subject to extensive consultations with service users and their carers. This inclusive process has led to an underspend of the funding set aside for the current year.
 - Additional spending on projects and learning activities in Libraries, Learning and Culture has been possible as a result of the successful funding bids to the Heritage Lottery Fund and the Learning and Skills Council.
 - A number of additional Social Inclusion initiatives including Communities for Health and Workstep have also been undertaken as a result of increased grant and contract funding.
- 3 The following section outlines explanation of significant variations between Original Budget and Outturn by subjective analysis area
- 4 It should be noted however that a number of variations against budget outlined are simply due to accounting arrangements in the year.

- Expenditure and income for Adult Learning service, held within Children, Young People and Learners during the year, was transferred into The Adults, Wellbeing and Health account at the year-end creating a number apparent variations against budget.
- Similarly there are a number of self balancing variations throughout the subjective analysis areas in relation to the Gala Theatre due to trading nature of the service.

Employees – overspend of £1.177m

- The year end transfer of expenditure on Adult Learning of £1.935m is fully offset by grant income.
- There is an underspend of £0.677m in the Life Opportunities Programme due to the extensive consultation process explained above.
- There is an increased spend of £0.220m for in-house Residential Care due to the needs for additional staffing levels whilst essential health and safety work was completed.
- There was an underspend of £0.300m on funds committed for the introduction of Older People / Physical Disability Service Integrated Teams whilst structures were completed and appointments made.
- Additional Social Inclusion expenditure of £0.192m on initiatives such as Workstep and Communities for Health has been possible due to the service securing additional grants and contract funding.
- The management of vacancies across the service and the final 2009/10 pay settlement created an underspend of £0.415m.
- The Gala Theatre employee spend variation of £0.224m is offset by self balancing variations in other expenditure and income areas.

Premises – overspend of £0.017m

- The year end transfer of expenditure on Adult Learning of £0.111m is fully offset by grant income.
- The continuation of the 2008/09 minor works programme for residential care homes incurred spend of £0.040m. These costs are however fully covered by earmarked reserves brought forward to specifically cover this work.

- There is an underspend of £0.115m in the Life Opportunities Programme due to an extensive consultation process.
- Improvement works of £0.092m for accommodation for the Learning Disability Service Integrated Teams and £0.090m of costs for Travellers sites are funded by additional income contributions.
- General premises costs are £0.177m less than budget due to a range of underspends on areas such as premises insurance, rents, cleaning and water rates.
- The year end transfer of expenditure on Adult Learning of £0.111m is fully offset by grant income.
- The Gala Theatre premises spend variation of £0.022m is offset by self balancing variations in other expenditure and income areas.

Transport – overspend of £0.221m

- The year end transfer of expenditure on Adult Learning of £0.039m is fully offset by grant income.
- There is an underspend of £0.032m in the Life Opportunities Programme due to an extensive consultation process.
- General transport costs are £0.209m higher than budget due to increased costs and demand, particularly in relation to Adult Care services.

Supplies & Services – overspend of £1.853m

- The year end transfer of expenditure on Adult Learning of £0.653m is fully offset by grant income.
- There is an underspend of £0.136m in the Life Opportunities Programme due to an extensive consultation process.
- An underspend of £0.230m on funds committed for the introduction of the Older People / PDSI Integrated Teams whilst team structures were completed and appointments made.
- An additional £0.462m spend on Libraries, Learning and Culture initiatives and projects was possible due to successful grant submissions.
- An overspend of £0.054m due to increased demand and a change in partner funding commitments in relation to the Home Equipment Loan service was incurred. This was less than previously projected due to

corrective action taken following a joint review of the services being undertaken with the PCT.

- Additional initiatives, including Preventative Technology development, of £0.332m within the Commissioning service have been possible due to the securing of additional grant and contribution funding.
- General supplies and services budgets are £0.158m underspent due to close control and management during the financial year
- The Gala Theatre supplies and services spend variation of £0.669m is offset by additional income and underspends against other expenditure headings.

Agency & Contracted Services/Transfer Payments – overspend of £2.379m

- As a result of the continuing demographic issues explained earlier, care packages for adults with learning disabilities and mental health problems are projected at £0.849m above budget and residential and home care services £1.829m above budget.
- The increased cost of these care packages is largely covered by additional contributions from clients and partners as outlined in the Income section below.
- Additional Supporting People schemes totalling £1.064m have been provided during 2009/10 funded from grant brought forwards from 2008/09.
- Budgets of £1.529m relating to the development of Personalisation in Adult Care together have been reprogrammed into 2010/11 in line with the approved implementation programme.
- Additional Initiative in Social Inclusion, including Workstep and Communities for Health, of £0.355m have been undertaken following successful grant and contract funding.
- The Gala Theatre agency spend variation of £0.224m is offset by self balancing variations in other expenditure and income areas.

Central Support/Other Charges – overspend of £1.316m

- The year end transfer of expenditure on Adult Learning of £0.461m is fully offset by grant income.
- Prudent bad debt provision and debt write off of £0.738m has been made to reflect the increased income levels within the service.

-
- The Gala Theatre spend variation of £0.074m is offset by self balancing variations in other expenditure and income areas.

Income – overachievement of £7.378m

- The year end transfer of Income in respect of Adult Learning of £3.487m fully offsets the expenditure variations detailed in the spend categories above.
- Contributions from clients were £2.370m above budget due to a increased service user numbers, increased service provision and changes in methods of collection.
- The transfer of the direct funding of a number of Continuing Health Care clients to the PCT during the year has resulted in a net under recovery against budget of £0.627m. This income reduction has had no net impact on the net budget as care package expenditure of an equivalent amount was also transferred to the PCT.
- Additional grant income of £0.515m has been secured from the Learning and Skills Council and the Heritage Lottery Fund contributing to the Learning, Libraries and Culture initiatives outlined earlier
- Additional grant and contract income of £0.839m has been secured in respect of Social Inclusion initiatives including Communities for Health, Traveller sites, Workstep and Welfare Rights.
- Supporting People Grant of £0.799m was brought forward from 2008/09 to fund programmes in 2009/10
- Social Care Reform Grant of £1.558m was carried forward into 2010/11 to finance expenditure related to the development of the Personalisation agenda in Adult Care in line with the approved implementation programme.
- The Gala Theatre income increase of £0.785m offsets the expenditure variations detailed in the expenditure categories above.

Assistant Chief Executives

Revised Original Budget	Outturn	Variance	Budgets Held Centrally	LGR Transition	Contribution to / Use of Reserves	Adjusted Outturn	Adjusted Variance	Adjusted Variance
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
14,193	8,266	-5,927	504	-457	4,082	12,395	-1,798	-12.67

- 5 Expenditure for 2009/10 was £5.927m less than the original budget. The position after discounting activity where budgets were held centrally, LGR Transition costs and the addition to earmarked reserves is a £1.798m underspend. This is the basis on which we have been forecasting the outturn during 2009/10.
- 6 Several areas of the services' activity were new operations for Durham County Council. Until these activities became established, it was envisaged that the full budget was unlikely to be expended particularly in the areas of 'Members initiative / Neighbourhood funds' and 'AAP contributions'. It was therefore agreed that funds with a committed and agreed spending plan could be carried forward to 2010/11 and this was accounted for in the in-year forecasts of outturn.

Employees – underspend of £1.13m

- 7 After accounting for LGR transition costs in respect of pension augmentation and redundancy, expenditure on employees was underspent by £1.13m.
- 8 Primarily this resulted from the late appointment of staff into new service areas, particularly *Partnership & community Engagement* and *Planning & Performance*. The savings resulting from holding posts vacant were partially offset by increased agency staff costs which were incurred to ensure that core services could still be provided pending the appointment of permanent staff.

Transport – underspend of £0.06m

- 9 Primarily this relates to lower than anticipated expenditure on car allowances within *Partnership & community Engagement* and *Planning & Performance* which correlates to the services operating on a partially filled establishment for a large proportion of the year.

Supplies and Services – overspend of £0.69m

- 10 Although expenditure on supplies and services exceeded the budget, this was due to unbudgeted payments of £1.41m in respect of Working Neighbourhoods schemes which were entirely offset by increased

income. If this is excluded, the position on supplies and services is an underspend of £0.72m.

Agency and contracted/transfer payments - underspend of £0.57m

- 11 A review of payments to qualifying organisations following LGR resulted in an underspend in this area of £0.57m.

Central support – overspend of £0.53m

- 12 The overspend is due to the write off of capital expenditure in respect of the Members neighbourhood grants scheme totalling £0.53m. This expenditure is entirely offset by income.

Income – over achieved by £1.43m

- 13 The over achievement is predominantly due to income received from Working Neighbourhoods Fund that had not previously been budgeted for. This offsets the £1.41m of unbudgeted supplies and services expenditure.
- 14 There was a short fall in income within Policy & Communications of £0.6m. The budgeted level of income in this area was unrealistic based upon current activity and has been set at a more realistic level in the 2010/11 budget.
- 15 Income totalling £0.53m in respect of capital grants for Members neighbourhoods' capital schemes was not included in the budget. This offsets the reported overspend in Central support

Children and Young People's Services (CYPS)

DCC Revenue Budget

Revised Original Budget	Outturn	Variance	Budgets Held Centrally	LGR Transition	Contribution to / Use of Reserves	Adjusted Outturn	Adjusted Variance	Adjusted Variance
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
85,529	148,570	63,041	-59,364	-19	-900	88,287	2,758	3.22

DSG – Schools and Local Authority

Revised Original Budget	Outturn	Variance	Budgets Held Centrally	LGR Transition	Contribution to / Use of Reserves	Adjusted Outturn	Adjusted Variance	Adjusted Variance
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
0	2,732	2,732	0	0	-2,747	-15	-15	0.00

- 16 Children and Young People's Services is a large and complex service with a budget comprising part of the County Council's revenue budget and significant specific Government grants. CYPS includes all "education" functions such as School Admissions, Special Educational Needs, Home to School and College Transport and School Improvement. In addition all of the "children's care" services are managed here covering Fostering and Adoption, children's Social Workers, a range of services to support children in need and their families and the specialist secure provision at Aycliffe.
- 17 The revenue budget is supplemented by notable Government grants; the Dedicated Schools Grant (DSG) that funds delegated schools budgets and support services to schools and pupils; the Early Years and Childcare grant; Standards Fund that covers a range of Government priorities and Post 16 funding via the Learning and Skills Council, for the last time in 2009/2010.
- 18 Original Budgets for 2009/10 financial year are shown in the table below:

	£
DCC Revenue Budget	85.5m
DSG	279.14m
Early Years Grant	18.40m
Standards Fund	41.26m
LSC Provision Post 16	21.13m
Capital Budget	68.1m

- 19 Expenditure for 2009/2010 was £65.733m more than the original budget. The position, after discounting activity where budgets were held centrally, LGR transition costs and the addition to/use of earmarked reserves is a £2.743m overspend.

- 20 The position is consistent with messages included in budgetary control reports to CMT and Cabinet during the financial year. The reason for the budget being overspent is the demand on Safeguarding and Specialist Services (SaSS) where the number of child referrals, adoption cases and childcare proceedings, many of which are increasingly complex, have risen sharply. This is consistent with the experience of most Local Authorities in the country and is linked to a small number of high profile child protection cases. The actual SaSS overspend exceeds £4.4m but efficiency measures and reduced spending elsewhere within services during the year have mitigated the impact on the overall CYPS budget.
- 21 The most volatile areas of the CYPS revenue budget are transport to and from schools and colleges, to support children in care or subject to court proceedings and SaSS pressures which result in excess spend on independent fostering placements, legal fees and other fostering costs. The remainder of the service budget is largely within budget. For 2009/2010 the County Council was successful in a bid to run a Primary Free School Meals Pilot and this has resulted in expenditure of about £6m, most of which is covered by grant, PCT funding and school budget contributions.
- 22 The outturn position is reported against original budget. Some of the key issues which have impacted upon the outturn position are detailed below:-

Employees – underspend of £1.5m

- 23 Underspend of £1.5m against original budget of £74.96m; over £0.5m relates to budget provision for the Drugs and Alcohol team where employee costs were met direct by the PCT. The remaining underspend arises from staff slippage across most services and revised budget plans for use of Early Years grant.

Premises – overspend of £0.61m

- 24 There was an overspend of £0.61m on all original (£3.5m) premises budgets. Over £0.5m relates to works undertaken on Children's Centres and other Sure Start funded premises.

Transport – overspend of £0.71m

- 25 Overspend of £0.71m against original budget of £16.9m. Home to School and College transport is a particularly volatile area of the budget, and despite a rise in the number of Post 16 students the spend was £0.040m under budget. The excess spend relates to court directed , parental visits and transport to allow continued school

attendance for Looked After children and those subject to care proceedings.

Supplies and Services – overspend of £0.51m

- 26 An overspend of £0.51m is recorded against an original budget of £71.69m (the budget includes Standards Fund allocations to schools). This overspend affects several services, the main areas are legal fees (extra £0.19m) associated with childcare proceedings and £0.14m on Workforce Development, but this was funded by grant income.

Agency and contracted/transfer payments - overspend of £4.39m

- 27 Safeguarding and Specialist Services feature heavily here. The budget overspent by £4.39m, against an original budget of £11.42m. The pressures being experienced by most Local Authorities in the country have led to a huge increase in referrals and costs are over budget on fostering allowances and associated payments plus placements with independent schools and foster agencies.

Transfer Payments – underspend of £0.44m

- 28 The outturn position shows an underspend of £0.44m against a budget of £3.88m. A revised budget plan for Sure Start resulted in reduced spending in this area.

Central support – overspend of £6.71m

- 29 This area of the budget features a number of recharges that are largely offset by extra income and grants and the comparison against original budget shows an overspend of £6.71m, against a budget of £10.96m.

Income – underspend of £8.24m

- 30 Extra grant income and internal accounting charges of £8.24m are shown against original budget, this offsets overspending within Supplies and Services and Central Support.

The Dedicated Schools Grant (DSG)

- 31 The original DSG of £279.14m was increased by DCSF in June 2009 because the County Council's allocation had fallen below the "floor" in the national funding formula. An extra £0.79m lifted the available grant to £279.93m.
- 32 It is a requirement that most of the DSG is delegated to schools and with the addition of Standards Fund, Standards Grant and LSC grant

for schools with 6th Forms, this combination of funding streams makes up school budgets each year (£326.4m in 2009/2010).

- 33 Schools have freedom to roll forward under and overspends at the end of each financial year (subject to DCSF capping limits) and at the end of 2009/2010 balances have fallen significantly from £14.57m to £11.41m, just over £3m. This is very much in line with Government expectations and encouragement to spend resources in the year they are received.
- 34 The Local Authority manages a part of DSG (£21.28m in 2009/2010) and this covers specific functions such as payments to private and voluntary early years providers, education other than in school, independent special school fees and structural repair and maintenance of school buildings.
- 35 The outturn position showed an underspend on the Local Authority managed part of the DSG of £0.06m.
- 36 Within DSG, balances have been accruing, on a planned basis, to assist with the excess running costs of BSF schools, notably those subject to PFI contracts, the costs of funding the FSM Pilot in County Durham and to improve kitchen and dining provision in schools.
- 37 The cumulative balance of DSG at 31 March 2010 is made up as follows:-

	£
BSF Running Costs	1.05m
Free School Meals Pilot	0.63m
Kitchen Refurbishments	0.58m
Unallocated	0.22m
	<u>2.48m</u>

Regeneration and Economic Development

Revised Original Budget	Outturn	Variance	Budgets Held Centrally	LGR Transition	Contribution to / Use of Reserves	Adjusted Outturn	Adjusted Variance	Adjusted Variance
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
53,560	66,599	13,039	-18,755	-276	6,648	54,216	656	1.22

- 38 Regeneration and Economic Development is one of the new Service Groupings in the Unitary Council and brings together functions including Transport Strategy, Planning, Economic Development, Housing, Policy, Planning and Performance.
- 39 The directorate brings a cohesive and strategic direction to the County Council's contribution to the regeneration of the County and its economy and the prosperity and well-being of its residents
- 40 Also included within the RED Directorate is income and expenditure associated with the management and maintenance of the Council's 19,000 social housing dwellings throughout the County which are accounted for in the Housing Revenue Account (HRA) maintained by the Council.
- 41 Revenue Expenditure for 2009/10 was £13.039m more than the original budget of £53.560m. The position after discounting activity where budgets were held centrally, LGR Transition costs and the addition to/use of earmarked reserves is a £0.656m overspend (or 1.22%).
- 42 The outturn position is reported against the Original Budget. Some of the key issues which have impacted upon the outturn position are detailed below and analysed by each HOS grouping:

Employees – overspend £3.78m

Policy Planning, Performance	<ul style="list-style-type: none"> Overspend of £0.477m – the budgets for staffing in this service were held against other service groupings within RED, such as Economic Development. Included in the above are the costs of the Corporate Director which were not separately budgeted for.
Economic Development	<ul style="list-style-type: none"> Overspend of £0.562m – the staffing budgets for a number of staff located within the service had actually been allocated to other departments as part of the budget disaggregation exercise.
Housing	<ul style="list-style-type: none"> Overspend of £2.797m – included here are budgets for 'Supporting People/Careline' service covering around 100 staff that were previously accounted for in the HRA two of the former district authorities. These services have now been accounted for in the General Fund for consistency purposes.

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	The additional staffing costs are mitigated by extra income and overall there is no impact.
Planning	<ul style="list-style-type: none"> • Underspend of £0.505m due to staff vacancies within the service.
Transport	<ul style="list-style-type: none"> • Overspend of £0.442m – although the service has not materially been affected by local government reorganisation and all staffing have largely remained within the service – the original budget appears to be understated. The areas of overspend are in Network Management and Traffic Services.

Premises – overspend £0.25m

Policy Planning, Performance	<ul style="list-style-type: none"> • No major issues to report.
Economic Development	<ul style="list-style-type: none"> • Overall overspend of £0.086m explained by business rates £0.047m, service charges £0.029m and additional energy costs £0.010m.
Housing	<ul style="list-style-type: none"> • Overspend of £0.067m due to additional repairs costs.
Planning	<ul style="list-style-type: none"> • Overspend of £0.022m on repairs, rents and rates.
Transport	<ul style="list-style-type: none"> • Overspend of £0.052m on additional repairs and maintenance costs.

Transport – underspend £0.24m

No significant issues to report and the underspend covers a range of service areas.

Supplies and Services – underspend £2.62m

Policy Planning, Performance	<ul style="list-style-type: none"> • No major issues to report.
Economic Development	<ul style="list-style-type: none"> • Underspend largely attributable to ABG Employability Programme. After adjusting for contributions to reserves to cover slippage on schemes, there is an underspend of £1.957m. A significant proportion of this, is explained by a reduction in the amount of ABG grant available for commissioning by the service grouping. A sum of £1.463m representing 10% of the ABG Allocation in 2009/10 was not available for direct commissioning as per policy approved by Cabinet.
Housing	<ul style="list-style-type: none"> • An underspend of £0.739m on hired and contracted services throughout the service grouping.
Planning	<ul style="list-style-type: none"> • Overspend of £0.431m explained by an additional £0.228m on professional services in relation to the on going development of the local development framework. Grants disbursed to partner organisations exceeded budget by £0.121m.
Transport	<ul style="list-style-type: none"> • Overspend of £0.261m including £0.097m on materials,

	£0.066m on professional fees and £0.018m on communications.
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Agency and contracted/transfer payments/central costs – overspend £4.03m

Policy Planning, Performance	<ul style="list-style-type: none"> Included in here are contributions towards Durham City Vision which were not in the base budget for PPP.
Economic Development	<ul style="list-style-type: none"> Expenditure of £0.596m has been charged against this heading in connection with ABG Employability Programme – the full budget lies against the supplies and services heading.
Housing	<ul style="list-style-type: none"> Included in this is £0.289m on agency services and contracted services relating to ‘Supporting People / Careline Services’
Planning	<ul style="list-style-type: none"> No major issues to report
Transport	<ul style="list-style-type: none"> Outturn position on public transport contract payments was £0.442m above budget and income associated with these contracts was also £0.082m less than budget giving a combined overspend of £0.524m. This is an underlying pressure and the 2008/09 budget also overspent by a similar amount.

Income – over recovered £4.54m

Policy Planning, Performance	<ul style="list-style-type: none"> No major issues to report
Economic Development	<ul style="list-style-type: none"> Specific grant income across the range of functions falling within this service grouping were higher than budget by £2.169m.
Housing	<ul style="list-style-type: none"> Overrecovery of £1.490m which includes additional income due to transfer of the ‘Supporting People / Careline’ functions to the General Fund, incorporating fees and charges and Supporting People Grant.
Planning	<ul style="list-style-type: none"> Overall underspend of £0.996m. However, within fees and charges there has been a significant shortfall in income. <ul style="list-style-type: none"> The outturn fee income for building control was £0.680m less than budget due to the economic climate. The outturn fee income for development control was £0.580m less than budget, again due to the prevailing economic position. Housing Planning Delivery Grant of £1.504m was received during the year and will be carried forward to support the on-going costs in connection with the development framework in the County.

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Transport	<ul style="list-style-type: none">• Underrecovery of £0.298m. A number of accruals for income were made in 2008/09 which did not actually materialise and left the service with a residual one-off cost in 2009/10. Included within Transport is a government grant for £1.497m which has been fully used to make a contribution towards a regional smart ticketing scheme.
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Resources

Revised Original Budget	Outturn	Variance	Budgets Held Centrally	LGR Transition	Contribution to / Use of Reserves	Adjusted Outturn	Adjusted Variance	Adjusted Variance
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
42,849	24,249	-18,600	29,267	-5,108	-203	48,205	5,356	12.50

- 43 The Corporate Resources Directorate brings together all corporate and business support functions and consists of the following services:
- Finance – including financial management, payroll, pensions, creditor payments, internal audit, risk Management, Council tax collection and Housing Benefit
 - Information and Communication Technology
 - Legal and Democratic – including electoral services, members services, legal, civic duties, registration of births, deaths and marriages and coroners
 - Human Resources and Organisational Development – including human resource management, training, employee relations, recruitment and health and safety
 - Asset Management – including asset management strategy, property strategy, office accommodation, community buildings and corporate procurement
- 44 These services provide support to the Council as a corporate organisation, to front line services and also to other public sector organisations largely on a 'fee' basis. The service also manages a number of important front line services such as council tax collection, housing benefits, registration of births, deaths and marriages, and the coroner's service.
- 45 Expenditure for 2009/10 was £18.600m less than the original budget. The position, after adjusting for where budgets were held centrally, LGR Transition costs and a net addition to earmarked reserves, is a £5.356m overspend. The overspend predominantly relates to 'Premises' and 'Supplies & services' with the overspend on 'Supplies & services' being partially offset by higher than budgeted income generated by ICT and Assets.

Employees – overspend £0.71m

- 46 After the LGR pension augmentation and redundancy costs were accounted for (£1.28m and £1.60m) together with the budget held centrally of £3.8m for expenditure on 'Pension Increase Act' (on going cost of early retirement).
- 47 Expenditure on staff over establishment (£0.80m) combined with expenditure on agency staff (£1.30m), was partially offset by savings

against the staffing establishment budget in services where the structure was not filled for the whole year £1.35m.

Premises – overspend £2.25m

- 48 There was an overspend within Assets of £1.47m mainly connected with the ongoing maintenance costs of surplus properties which were not disposed of due to a suppressed property market. Legal Services overspent by £0.39m in connection with general repair and maintenance and ICT incurred premises costs of £0.41m in relation to former Durham net operations.

Transport – underspend £0.20m

- 49 Car allowances were under spent across Corporate Resources with the exception of ICT. There was a notable under spend of £0.12m within HR mainly due to lower than anticipated car allowances and lower expenditure on staff travel via public transport.

Supplies and Services – overspend £6.50m

- 50 The overspend is predominantly made up of large overspends within Finance of £1.57m and ICT of £4.46m.
- 51 Within Finance, expenditure on consultants (not related to LGR) totalled £1.19m and increased expenditure on audit fees and bank charges related to Revenues and Benefits led to a £0.31m overspend.
- 52 The overspend with ICT related to the activity of the former Durham net which was not included in the original budget. This is offset by increased income.

Agency and contracted/transfer payments - overspend £0.72m

- 53 The majority of the overspend relates to rechargeable works in Assets which were offset by income.
- 54 Within Finance there was a £0.09m overspend relating to payments to the Citizens Advice Bureau to provide advice to claimants and payments to the online document management agency. Both of these items were not included in the original budget.

Central support – underspend £0.45m

- 55 There was an underspend of £0.70m in ICT as a result of a budgeted contribution to specific reserves which was not actioned. This was offset by small overspendings in other areas of the Service.

Income – over recovered £4.2m

- 56 There was an over achievement in relation to former Durham Net Activity in ICT of £5.20m and Assets rechargeable works of £0.64m. This was offset by an underachievement within HR of £1.9m in respect of budgeted income from an arrangement with Bishop Auckland College which has come to an end.

Neighbourhood Services

Revised Original Budget	Outturn	Variance	Budgets Held Centrally	LGR Transition	Contribution to / Use of Reserves	Adjusted Outturn	Adjusted Variance	Adjusted Variance
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
89,452	126,411	36,959	-28,593	-1,512	660	96,966	7,514	8.40

- 57 Actual expenditure within Neighbourhood Services for 2009/10 was £126.411m. This was £36.959m more than the original budget (£89.452m), however the position after discounting activity where budgets were held centrally (e.g. majority of capital financing & unfunded pension costs), LGR Transition costs (e.g. Pension Augmentation & Redundancy costs), Central Support recharges, Accommodation recharges and the contribution to, or use of earmarked reserves (e.g. Contribution from DSO Reserve) is a £7.514m overspend. This is illustrated at summary level in the attached table.
- 58 It is important to note that within the £7.514m overspend, there are items totalling £2.4m which relate to 2009/10 base budget errors that have been corrected for 2010/11. In addition to this, there is £4.5m of the over spend due to exceptional items that would probably be outside of any cash limit regime in the future. These relate to expenditure on the flooding incidents last year, and also the exceptionally severe winter, along with the implications of the County Council's decision to bring the Greencycle contract in-house. After taking account of these items, Neighbourhood Services 2009/10 overspend in relation to cash limited items would be £0.6m.
- 59 The following section outlines explanation of significant variations between original budget and outturn by subjective analysis area:

Employees – underspend of £2.71m

- 60 Employee expenditure was under budget across all areas of Neighbourhood Services due to delays in the LGR recruitment process, along with there still being a considerable number of vacant posts that had still not been filled by the year end.
- 61 There was also expenditure on transitional costs such as LGR Augmentation (£0.59m), and LGR Redundancy payments (£0.92m), along with expenditure on Unfunded Pension costs (£0.64m) which were budgeted for centrally (as shown in attached table), but these are not included in the £2.71m variance quoted above. In addition there was a contribution of £0.499m to the equal pay reserve which was offset by drawing £0.273m from the same reserve to meet job evaluation settlements in the year.

Premises – underspend of £0.58m

- 62 Premises expenditure was under budget mainly due to the original budget including internal accommodation charges that were no longer incurred following LGR. This under spend is offset by a similar under recovery of income/recharges. These anomalies have been corrected in the 2010/11 version of the budget.

Transport – overspend of £10.09m

- 63 Transport expenditure was over budget mainly within the areas of Highways Operations, and Direct Services. It is associated with the increase in fuel prices, increased activity in the areas of Winter Maintenance, and also the extension of the green waste scheme and bringing the Greencycle Contract in-house. Elements of the over spend are also due to the misalignment of original budgets between areas such as Transport and Supplies & Services. These have been corrected for 2010/11.

Supplies & Services – underspend of £4.95m

- 64 The under spend in this area is mainly due to the fact that the original budget was overstated, and misaligned with other areas of the budget such as Transport.

Agency & Contracted Services – underspend of £9.08m

- 65 The under spend on Agency payments is mainly due to savings on the Waste Disposal Contract, delays associated with the Waste Procurement Project, and also lower expenditure on sub contractors within Direct Service which is offset by a reduced level of income.

Central Support Costs – overspend of £21.52m

- 66 Central Support Costs were overspent mainly due to higher levels of recharges between the different areas of Neighbourhood Services that were not included in the original budget. There is a corresponding overachievement of income in relation to this.
- 67 In addition, central support costs of £13.50m were incurred in relation to services provided by Corporate Resources. The budget for this was held in Centrally Administered Costs as opposed to Neighbourhood Services, so is not included in the over spend quoted in this section of the report.

Income – over achievement of £6.77m

- 68 This over recovery of income is due to higher levels of recharges than were originally budgeted for (£21m) as stated in the Central Support section of this report. However this masks an underachievement of income against the original budget (£13m) due to lower levels of external income being achieved from previous Service Level Agreements within Customer Services and Direct Services, a shortfall in Design Services and Scientific Services income, writing off irrecoverable debts associated with regards to knockdown damage, and also reduced levels of income within Direct Services that are linked to the lower expenditure on sub-contractors as mentioned above. In addition to this, there were £2.26m of Customer Services Recharges to other Service Groupings within the County Council. These were not in Neighbourhood Services original budget, therefore they are shown as being budgeted for centrally in the summary table.

Non-Service Specific Costs

LGR Transition Costs

- 69 In order to create the unitary council one-off transitional costs of £12.4m were identified in the former County Council's 'Proposal for a future Unitary Structure for County Durham'. This was to cover redundancies, different aspects of project management and interim or shadow authority arrangements. In 2009/10 it was anticipated that £8.851m of transition costs were likely to be incurred and that they would all be met from reserves thereby having no impact on the net revenue spend.
- 70 Actual expenditure incurred by services amounted to £7.452m, £1.399m less than budgeted and is detailed in the table below.

	LGR Transition
	£'000
Children & Young People	-19
DSG-Schools and LA	0
Adult Wellbeing and Health	-80
Neighbourhood Services	-1,512
Regeneration and Economic Dev	-276
Resources	-5,108
Assistant Chief Executive	-457
	-7,452

Interest and Investment Income

- 71 Investment income was £2.591m better than budgeted mainly due to backdated interest in respect of a VAT reclaim regarding output tax on all fees and charges in leisure for the period 1 April 1990 to 31 March 1993 and a slower than anticipated spend on capital.

Interest Payable and Similar Charges

- 72 Interest payable exceeded budget by £0.990m due to the amount attributed to the HRA being less than anticipated at the time of setting the budget.

Housing Revenue Account

Housing Revenue Account	Original Budget £000	Actual Outturn £000	Variance £000
Net Service Expenditure	-9,293	1,428	10,721
Gain/Loss on sale of assets	-	-1,205	-1,205
Interest payable	7,925	5,653	-2,272
Investment Income	-169	-79	90
(Surplus)/Deficit for the Year	-1,537	5,797	7,334
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance	-	-9,123	-9,123
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance	1,537	1,812	275
Change in HRA Balance in Year	-	-1,514	-1,514

73 In overall terms the HRA delivered a surplus of £1.514m, which has been added to existing balances. There were some major variations within the account which include:

- Contributions to pension fund deficit in respect of housing staff lower than expected saving £0.930m
- Rents rates taxes on properties held in HRA reduced by £0.090m
- Savings on repairs and maintenance budget due to capitalisation of significant repairs for Durham City Homes £0.116m
- Salary savings on staffing due to local government reorganisation whereby costs no longer chargeable to HRA £0.255m
- Savings on insurance charges due to revised Council arrangements £0.179m
- Investment income reduced by £0.089m due to lower interest rates
- Some savings on revenue contributions towards capital principally from slippage on Durham City Homes' schemes
- Bad Debt provision for housing rents increased to fit in line with a revised and harmonised accounting policy of Durham County Council resulting in additional £0.661m charge to the account

Section 4: Capital Expenditure

Background

- 1 The Authority set an initial capital programme for 2009/10 of £121.157m. In July 2009, and following a more comprehensive evaluation of service requirements, this was revised to a programme with an estimated value of £162.465m.
- 2 The forecast outturn reported in March 2010 was £119.803m. The actual outturn for 2009/10 is £119.915m.
- 3 The overall levels of expenditure by Service were also reported during the year and this is the final review of service and scheme expenditure.
- 4 The current capital programme of work reflects major changes made during the year and has been monitored by Finance to track changes in budget since July 2009.
- 5 The table below identifies an in-year underspend of £42.550m and £129.064m slippage is requested to be carried forward to the next financial year. This slippage is aligned to ongoing schemes or schemes not yet progressed.

6 The table provides a summary of original budget and actual outturn expenditure:

Service	Revised Original Budget 2009/10 (July 2009)	Slippage from 2008/09	Additional Schemes / service revisions	Final Budget 2009/10	Outturn	Variance - outturn v revised original budget
	£000	£000	£000	£000	£000	£000
Adults, Wellbeing and Health (AWH)	3,494	9,396	623	13,513	4,655	-1,161
Assistant Chief Executive (ACE)	-		1,260	1,260	567	-567
Children and Young People's Service (CYPS)	68,101	16,346	-8,310	76,137	38,711	29,390
Regeneration and Economic Development (RED)	57,308	12,167	16,765	86,240	53,463	3,845
Resources (RES)	5,582	5,928	-2,950	8,560	2,272	3,310
Neighbourhood Services (NEI)	27,980	20,530	-2,259	46,251	20,247	7,733
Total	162,465	64,367	5,129	231,961	119,915	42,550

7 This table demonstrates that new capital expenditure of £162.465m was approved by Council for 2009/10. In addition schemes to the value of £5.128m were added to the programme during the year, and slippage of £64.368m was brought forward from the previous financial year (2008/09). The County Council has incurred actual capital expenditure of £119.915m during the year. The projected financing of the overall programme is outlined in the following table:

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Financing	Revised Original Budget 2009/10 (July 2009) £000	Final Budget 2009/10 £000	Outturn as at 31/03/2010 £000	Variance £000
Grants	67,913	81,419	45,714	22,199
Reserves	1,861	4,966	194	1,667
Revenue Financing	1,578	6,112	4,985	-3,407
Direct Schools Grant (revenue)	3,693	3,693	3,643	50
Capital Receipts	16,500	34,593	19,414	-2,914
Major Repairs Allowance	11,951	11,762	12,450	-499
Supported Borrowing	26,366	46,871	33,515	-7,149
Unsupported Borrowing	32,603	42,544	-	32,603
Total	162,465	231,960	119,915	42,550

- 8 Each Service has provided a review of their respective capital programmes for 2009/10:

Adults, Wellbeing and Health (AWH) Capital Programme 2009/10

Revised Original Budget 2009/10 (July 2009)	Slippage from 2008/09	Additional Schemes / service revisions	Final Budget 2009/10	Outturn	Variance - Outturn v Revised Original Budget	Variance
£000	£000	£000	£000	£000's	£000	%
3,494	9,396	623	13,513	4,655	-1,161	-33.2

9 The original capital budget for the Service Grouping 2009/10 was set at £3.494m. However following the approval of a number of additional schemes during the year and slippage from the previous year, the total capital budget increased to £13.513m. The final spend on capital schemes during 2009/10 totalled £4.655m, £1.161m higher than the original budget but £8.858m less than the revised budget.

10 The major variation between revised budget and outturn is accounted for by the £5.85m shortfall on expenditure relating to the future plans for in-house Residential Homes for the Elderly. Expenditure so far relates to Health and Safety fire partitioning works

11 The remaining slippage relates to a range of schemes including:

- IT infrastructure grant of £0.55m set aside for future developments
- Mental Health Grant of £0.5m awaiting completion of claims from mental health groups
- Library Modernisation scheme, £0.3m, awaiting identification of an appropriate site
- Traveller Site regeneration, slippage of £0.3m due to minor changes in project planning
- Life Opportunities scheme slippage of £0.28m due to increased consultation required
- Killhope, £0.28m
- Beamish capital contributions, £0.15m

Assistant Chief Executive (ACE) Capital Programme 2009/10

Revised Original Budget 2009/10 (July 2009)	Slippage from 2008/09	Additional Schemes / service revisions	Final Budget 2009/10	Outturn	Variance - Outturn v Revised Original Budget	Variance
£000	£000		£000	£000	£000	%
-	-	1,260	1,260	567	-567	-

- 12 The capital budget for Assistant Chief Executives was £1.260m for Members' schemes in 2009/10. This figure was not included in the original budget for the year but was included in the later revisions. During the year, expenditure of £0.567m was incurred. The current position for these member schemes is that underspends during the financial year can be rolled forward or slipped into the next financial year, and this has resulted in an additional sum of £0.693m being added to the programme for 2010/11.

Children and Young Peoples Service (CYPS) Capital Programme 2009/10

Revised Original Budget 2009/10 (July 2009)	Slippage from 2008/09	Additional Schemes / service revisions	Final Budget 2009/10	Outturn	Variance - Outturn v Revised Original Budget	Variance
£000	£000		£000	£000	£000	%
68,101	16,346	-8,310	76,137	38,711	29,390	43.2

13 Most of the activity within the CYPS capital budget is largely funded by grant. The streams of funds available during 2009/10 are:

- **Grant and revenue funding supporting** - BSF; Aycliffe Secure new building; Primary Capital and Modernisation; Harnessing Technology.
- **Funded by grant allocation to CYPS supporting** :Extended schools; Sure Start capital; Youth capital; Schools Devolved Capital; structural R&M school buildings – DSG; 14 to 19 Diploma course projects; Co-location – Integrated Services project.
- **Revenue funding supporting: Schools Access; replacement of Catchgate Children’s Home.**

Commentary

14 The Aycliffe Secure Project was always planned to be constructed during 2010/2011; The project will incur the majority of its construction costs during 2010/2011, as only £1.802m of the original budget of £13.600m has been spent in 2009/2010. DCSF capital grants have increased since the original project was developed and a final project funding plan will be produced during the 2010/2011 financial year.

15 The BSF reduced spend is largely associated with project slippage on the “ICT solution” which will be based at Tanfield Lea Data Centre and building works at Easington school. The BSF programme has revenue and capital budget implications and will be subject to budget review once firm decisions on the Outline Business Case for Wave 6 are determined by the Government.

16 The Catchgate Children’s Home replacement project has only incurred minor fee costs, as proposals to purchase a building did not materialise. Alternative options are now being considered.

- 17 The grant for Co-location of Integrated Services is available over two financial years and selection of sites and buildings has not proceeded as quickly as anticipated.
- 18 The Harnessing Technology budget is managed by the Head of ICT Services and, as a part of Standards Fund grant spending, can be deployed over a 17 month period.
- 19 During 2009/2010 there is £9.088m expected slippage on the Primary Capital and Modernisation budget of £12.642m and this will allow new primary schools at Brandon and Esh Winning to be completed and works to begin on new primary schools at Greenland and Kirk Merrington.
- 20 School Devolved Capital is managed entirely by Head Teachers and School Governors and can be deployed over a 3 year cycle.
- 21 School Access funding relates to SEN and mobility adaptations in schools. After bringing in 'slippage' from 2008/2009, because of demands enough projects were completed to exceed the budget by £0.365m. This will be balanced in the 2010/2011 budget plan from this aspect of capital spend. From September 2010 schools will be asked to contribute to project costs via their Devolved Capital allocations and this should enable more works to be undertaken.

**Regeneration and Economic Development (RED) Capital Programme
2009/10**

Revised Original Budget 2009/10 (July 2009)	Slippage from 2008/09	Additional Schemes / service revisions	Final Budget 2009/10	Outturn	Variance - Outturn v Revised Original Budget	Variance
£000	£000	£000	£000	£000	£000	%
57,308	12,167	16,765	86,240	53,463	3,845	6.7

- 22 The Regeneration and Economic Development capital programme for 2009/10 totalled £86.240m, comprising £12.167m slippage of schemes from 2008/09, revisions to the programme of £16.765m in addition to the core programme of £57.31m.

Account	Revised Budget (including slippage)	Actual Outturn	Variance from Revised Budget	Variance from Revised Budget
	£'000	£'000	£'000	%
General Fund	58,129	26,136	31,993	55.0
Housing Revenue A/c	28,111	27,328	783	2.8
Total	86,240	53,464	32,776	38.0

23 Key areas where general fund capital programmes have been progressed include:

Barnard Castle Vision	£1.06m
Bishop Auckland Renaissance	£0.63m
Netpark Plot 3	£3.21m
LEGI Programme	£0.87m
Local Improvement Programmes	£1.63m
North Dock Seaham	£1.31m
Pelton Fell Village Regeneration	£0.85m
St Johns Square Seaham	£1.36m
DurhamGate	£0.94m
Disabled Facility Grants	£2.64m
Housing Renewal including group repair etc	£2.62m
Environmental Improvement Schemes (URR)	£1.81m
Transport schemes	£2.52m

24 The significant programme of works relating to the modernisation and refurbishment of the Council's social housing stock was substantially completed during 2009/10.

Resources (RES) Capital Programme 2009/10

Revised Original Budget 2009/10 (July 2009)	Slippage from 2008/09	Additional Schemes / service revisions	Final Budget 2009/10	Outturn	Variance - Outturn v Revised Original Budget	Variance
£000	£000	£000	£000	£000	£000	%
5,582	5,928	-2,950	8,560	2,272	3,310	59.2

- 25 The capital budget for Corporate Resources for 2009/10 was £8,560m. This budget covered capital schemes for both Information and Communication Technology (ICT) and Asset Management.
- 26 Total expenditure of £2.272m was incurred on capital schemes for Corporate Resources. Of this total, £0.035m was incurred on the completion of schemes relating to the 2008/09 financial year and £0.005m was incurred in advance on the 2010/11 capital scheme relating to office rationalisation due to unitary authority accommodation pressures.
- 27 Corporate Resources capital expenditure included £0.944m on the replacement of computer equipment. £0.096m related to schemes involving the demolition of buildings. Other capital works included structural maintenance on various buildings including emergency repairs, and upgrading access so County Council buildings conform to the Disability Discrimination Act. Other costs were incurred on the relocation of Newton Aycliffe Library and building works at Greencroft offices.
- 28 Due to schemes not progressing as anticipated, capital budgets totalling £3.543m were slipped into 2010/11. Reasons for slippage included delays due to time taken on assessments, surveys and monitoring of buildings to assess the levels of work required, for example, the County Farms Capital Improvement scheme where the tenant had to be moved so the safety of the buildings could be assessed. A survey of buildings is currently being undertaken of all county council buildings as part of office rationalisation following Local Government Review so several schemes were delayed so the buildings could be included in this process. Information Technology slippage includes the replacement of the current Revenues and Benefits systems. The new system was not procured in 2009/10, and the budget has been slipped into 2010/11. Savings will be made from the implementation of the new Revenues and Benefits system which will be used throughout the county.

- 29 £1.259m of capital expenditure relating to the Corporate Resources capital schemes was used in other service areas. This included expenditure on improvements to buildings relating to fire safety and the Disability Discrimination Act. In addition, an underspend of £0.305m was transferred from Adults, Wellbeing and Health relating to works on Newton Aycliffe Library. This resulted in total capital resources of £0.955m being shared between services.
- 30 Savings of £1.791m were identified in Corporate Resources. £0.018m of this related to the reduced costs of software in Information and Communications Technology (ICT). Savings of £1.773m on Asset Management schemes related mostly to lower than anticipated costs on Greencroft office block and the relocation of the library at Newton Aycliffe.

Neighbourhood Services (NEI) Capital Programme 2009/10

Revised Original Budget 2009/10 (July 2009)	Slippage from 2008/09	Additional Schemes / service revisions	Final Budget 2009/10	Outturn	Variance - Outturn v Revised Original Budget	Variance
£000	£000	£000	£000	£000	£000	%
27,980	20,530	-2,259	46,251	20,247	7,733	27.6

Commentary

- 31 The 2009/10 Neighbourhood Services capital budget was set out in the Medium Term Financial Plan (MTFP) report that was approved by Cabinet on 31 July 2009. Since that date, there have been a number of agreed additional amendments, and so this report is based on these updated budgets.
- 32 The new capital spend approval for Neighbourhoods in 2009/10 (as per Cabinet 31/07/09) was £27.980m.
- 33 Following Final Accounts 2008/09, a number of revisions (additions) were made to the Neighbourhoods Capital Programme, to reflect slippage / carry over from the 2008/09 Capital Programme commitments of all 8 former authorities. Sums allocated to Neighbourhoods totalled £20.530m, and these can be analysed across the Neighbourhoods service structure as follows:
- 34 After Cabinet in July, a number of further amendments, relating to new grant funded schemes and virements in/out and within Neighbourhood Services also took place. These included additions in respect of the PlayBuilder Initiative £0.536m and the late receipt of capital grant in respect of maintaining the de-trunked A167 £1.1m. In addition there were budgets that were transferred between RED and Neighbourhood Services – a net transfer out of the NEI's Capital Programme to the RED Capital Programme. These adjustments amounting to - £2.617m are all included within the overall budget revisions figure of – £2.259m in the table below.
- 35 The total revised Capital budget for 2009/10 was therefore £45.893m at 30/09/09. However in the remaining 6 months of 2009/10 further revisions (totalling a net £0.358m addition to the Capital programme) were made. These related to an additional £0.236m of budgets found to be in Regeneration (RED) in error, £0.037m of budgets which should have been in RED and £0.552m of reductions to the budget due to

overspends within the 2008/09 financial year by Highway Capitalised Maintenance. The total final Capital budget for Neighbourhoods being £46.251m, as shown below:

Head of Service	Revised Original Budget 2009/10	Slippage from 2008/09	Budget Revisions	Total Budget	Outturn 2009/10	Variance from Revised Original Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Planning, Policy & Performance	2,214	1,381	-722	2,873	1,110	1,104
Environmental Health & Consumer Protection	139	8	2	149	116	23
Technical Services	20,294	1,451	-2,589	19,155	14,483	5,811
Direct Services	4,634	1,261	243	6,138	2,673	1,961
Sport & Leisure	699	16,429	807	17,935	1,865	-1,166
Total	27,980	20,530	-2,259	46,251	20,247	7,733

36 Funding for the programme of £46.251m consists of £5.394m from grants and contributions and £40.857m from DCC resources (including DRF/ Reserves)

37 A summary of the variances for Neighbourhood Services by Heads of Service is shown below.

- Planning, Policy & Performance – Underspend of £1.868m** This underspend is due to delays with developing proposals for Health & Safety improvements to Household Waste Recycling Centres, and also as a result of the purchase of Brown Bins carrying on in to 2010/11. It is proposed that the full amount of this £1.868m underspend is slipped to 2010/11.
- Environment, Health & Consumer Protection – Underspend of £0.03m** This variance is a result of underspends associated with Contaminated Land and Laboratory equipment (£0.06m) being offset by an overspend relating to mine water pollution (£0.03). The underspend on Contaminated Land is due to the fact that the draft Contaminated Land Strategy is out for consultation and is not expected to be finalised till later this year. This budget will be used to purchase a software application that will facilitate the

implementation of the strategy. The underspend on the Laboratory equipment was due to delays in the equipment being received. It is therefore proposed that the underspend of £0.06m relating to these schemes be slipped in to 2010/11. The overspend on mine water pollution was financed by using underspends in other areas of the budget that are not required as slippage.

- **Technical Services – Underspend of £4.91m** The main reason for this underspend is that the Invest to Save schemes are to be phased over three financial years. In addition, works on Malton Bridge were delayed but are scheduled to start in early 2010/11. Members schemes were delayed due to adverse weather conditions in the later part of 2009/10, and there were also underspends due to members awaiting confirmation of AAP funding so that they could combine this with their own budget to enable a larger scheme to go ahead. It is proposed that the budgets relating to these underspends (£4.3m) are slipped in to 2010/11. The remaining underspend of £0.61m was required to finance schemes in RED, and other minor overspends in other areas of the budget.
- **Direct Services – Underspend of £3.48m** This variance is a result of underspends associated mainly with Vehicle and Plant replacement (£3.57m) along with some other minor schemes (£0.06m), being offset by over spends on schemes for East Stanley Bowls Club, and Park Lodge (£0.16m). Vehicle and plant replacement was underspent due to delays in information being provided from user groups regarding specifications / requirements, and delays in the appointment of personnel within the LGR process. It is proposed that the budgets relating to underspent schemes (£3.64m) are slipped to 2010/11, while the over spends were financed from underspends in other areas of the capital budget that are not required as slippage.
- **Sport & Leisure – Underspend of £16.17m** The main reasons for the underspend relate to Consett Sports Centre (£14.76m), the Arts Centre in Sedgfield (£0.12m), Hardwick Park (£0.49m), Asset Management (£0.39m) and Playbuilder (£0.24m).

- 38 Consett Sports Centre was a carry over scheme from former Derwentside District, and although a small amount was spent on consultancy in 2009/10, it is intended that the majority of the expenditure will be split between 2010/11 (£2.5m), and 2011/12 (£12.2m). The reasons that the other budgets have underspent are mainly due to delays in works associated with weather / seasonal factors or because some of the work is of a specialist nature. It is proposed that the budget for all these underspent schemes be slipped in to 2010/11 and it is fully expected that these schemes will be completed in that financial year with the exception of Consett Sports Centre where as previously indicated works will carry on in to 2011/12.

Section 5: Prudential Code

Introduction

- 1 The annual treasury report is a requirement of the Council's reporting procedures. It covers the treasury activity during 2009/10 and the actual Prudential Indicators for 2009/10.
- 2 The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 3 This report summarises:
 - the capital activity during the year and the resources the Council applied to pay for this activity
 - the impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement – CFR);
 - the reporting of the required prudential indicators;
 - overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
 - a summary of interest rate movements in the year; and
 - debt and investment activity

Executive Summary

- 4 During 2009/10 the Council complied with its legislative and regulatory requirements. The actual prudential indicators for the year, with comparators, are as follows:

Actual Prudential Indicators	2008/09	2009/10
	£m	£m
Actual Capital Expenditure	87.159	119.916
Capital Financing Requirement:		
Non-HRA	248.676	284.639
HRA	-	133.885
Total	248.676	418.524

- 5 The Director of Finance also confirms that borrowing was only undertaken for a capital purpose and the Statutory borrowing limit, the Authorised Limit, was not breached.

- 6 At 31 March 2010, the Council's external debt was £316.135m (£172.774m at 31 March 2009) and its investments totalled £170.518m (£118.988m).
- 7 The financial year 2009/10 continued the challenging environment of the previous year, although the second half of the year did see the UK economy recovering, albeit weakly. The main implications of the exceptional circumstances have been deteriorating investment returns and continuing counterparty risk.

The Council's Capital Expenditure and Financing 2009/10

- 8 The Council incurs capital expenditure on long term assets. These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.); or
 - If insufficient financing is available, or a decision is taken not to apply resources, the expenditure will give rise to a borrowing need.
- 9 The actual capital expenditure forms one of the required prudential indicators. The table below also shows how this was financed.

£m	2008/09 Actual	2009/10 Original Estimate	2009/10 Actual
Non-HRA capital expenditure	87.159	99.753	92.588
HRA capital expenditure		21.405	27.328
Total capital expenditure	87.159	121.158	119.916
Resourced by:			
Capital receipts	14.212	3.000	19.414
Capital grants	44.843	36.656	45.714
Capital reserves		11.951	12.450
Revenue	5.647	7.509	8.822
Unfinanced capital expenditure	22.457	62.042	33.516

The Council's Overall Borrowing Need

- 10 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position. It represents 2009/10 and prior years' net capital expenditure which has not yet been paid for by revenue or other resources.
- 11 Part of the Council's treasury activities is to address this borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council.

- 12 **Reducing the CFR** – Whilst under treasury management arrangements actual debt can be borrowed or repaid at any time within the confines of the annual treasury strategy, the Council is required to make an annual revenue charge to reduce the CFR – effectively a repayment of the Non-Housing Revenue Account (HRA) borrowing need. There is no statutory requirement to reduce the HRA CFR.
- 13 This statutory revenue charge is called the Minimum Revenue Provision - MRP. The total CFR can also be reduced by:
- the application of additional capital resources (such as unapplied capital receipts); or
 - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 14 The Council's 2009/10 MRP Policy (as required by CLG Guidance) was approved on 26th February 2010.
- 15 The Council's CFR for the year is shown below, and represents a key prudential indicator.

CFR (£m)	31 March 2009 Actual	31 March 2010 Original Indicator	31 March 2010 Actual
Opening balance	235.645	269.187	248.677
Transferred due to LGR	-	154.525	148.221
Restated opening balance	235.645	423.712	396.898
Add unfinanced capital expenditure (as above)	22.457	62.042	33.516
Less MRP/VRP	-9.426	-12.132	-11.890
Closing balance	248.676	473.622	418.524

Treasury Position at 31 March 2010

- 16 Whilst the Council's gauge of its underlying need to borrow is the CFR, the Corporate Director of Resources and the treasury function can manage the Council's actual borrowing position by either:
- borrowing to the CFR; or
 - choosing to utilise temporary internal cash flow funds instead of borrowing (under-borrowing); or
 - borrowing for future increases in the CFR (borrowing in advance of need).

- 17 The figures in this report are based on the principal amounts borrowed and invested and so may differ from those in the final accounts by items such as accrued interest.
- 18 During 2009/10 the Director of Resources managed the debt position to utilise temporary internal cash flow funds and the treasury position at the 31 March 2010 compared with the previous year was:

Actual borrowing position	31 March 2009		31 March 2010	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Rate Debt	£172.774m	4.624%	£316.135m	5.350%
Capital Financing Requirement	£248.676m		£418.524m	
Over/(Under) borrowing	(£75.902m)		(£102.389m)	
Investment position	31 March 2009		31 March 2010	
	Principal	Average Rate	Principal	Average Rate
Fixed Interest Investments	£116.195m	1.739%	£153.371m	1.021%
Variable Interest Investments	£2.793m	0.249%	£16.841m	0.556%
Total Investments	£118.988m	1.704%	£170.212m	0.997%
Net borrowing position	£53.786m		£145.923m	

Prudential Indicators and Compliance Issues

- 19 Some of the prudential indicators provide either an overview or specific limits on treasury activity (other treasury management indicators are reported prior to the start of the year, but there is no requirement to report them all at outturn – you can if you wish). These are shown below:
- 20 **Net Borrowing and the CFR** - In order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2009/10 plus the expected changes to the CFR over 2010/11 and 2011/12. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2009 Actual	31 March 2010 Original Indicator	31 March 2010 Actual
Net borrowing position	£53.786m	£245.520m	£145.923m
CFR	£248.676m	£473.371m	£418.524m

- 21 **The Authorised Limit** - The Authorised Limit is the “Affordable Borrowing Limit” required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2008/09 the Council has maintained gross borrowing within its Authorised Limit.
- 22 **The Operational Boundary** – The Operational Boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached.
- 23 **Actual financing costs as a proportion of net revenue stream** - This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

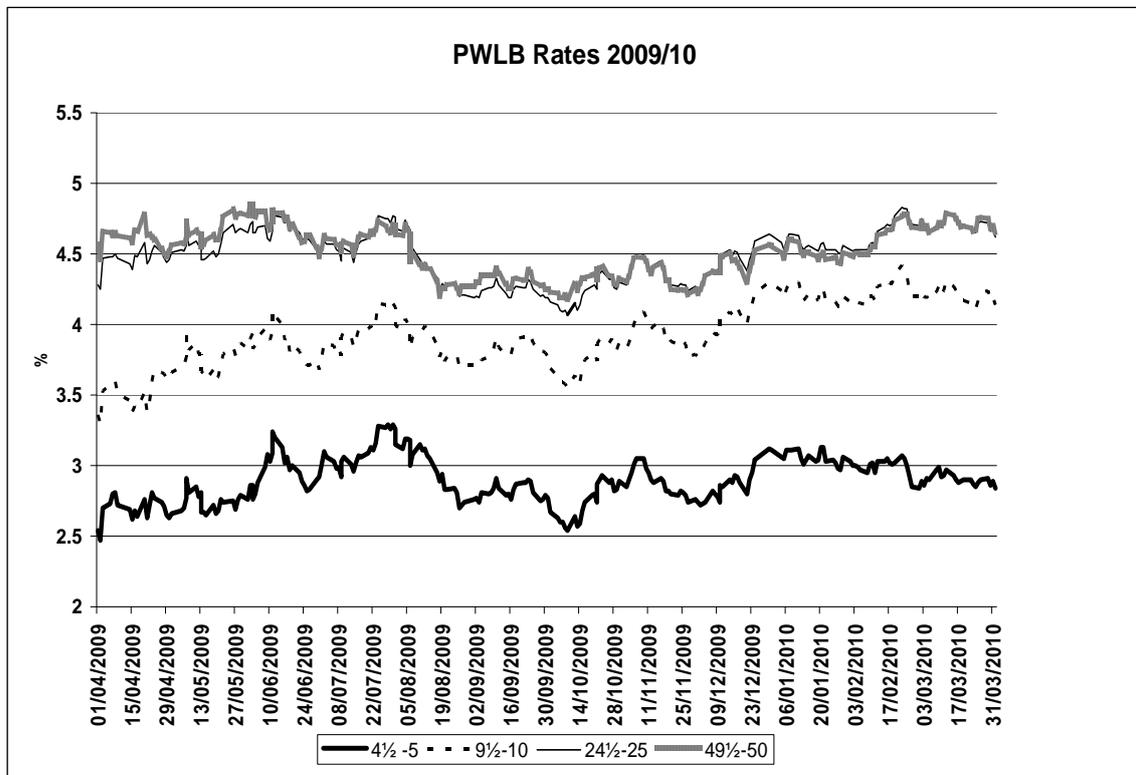
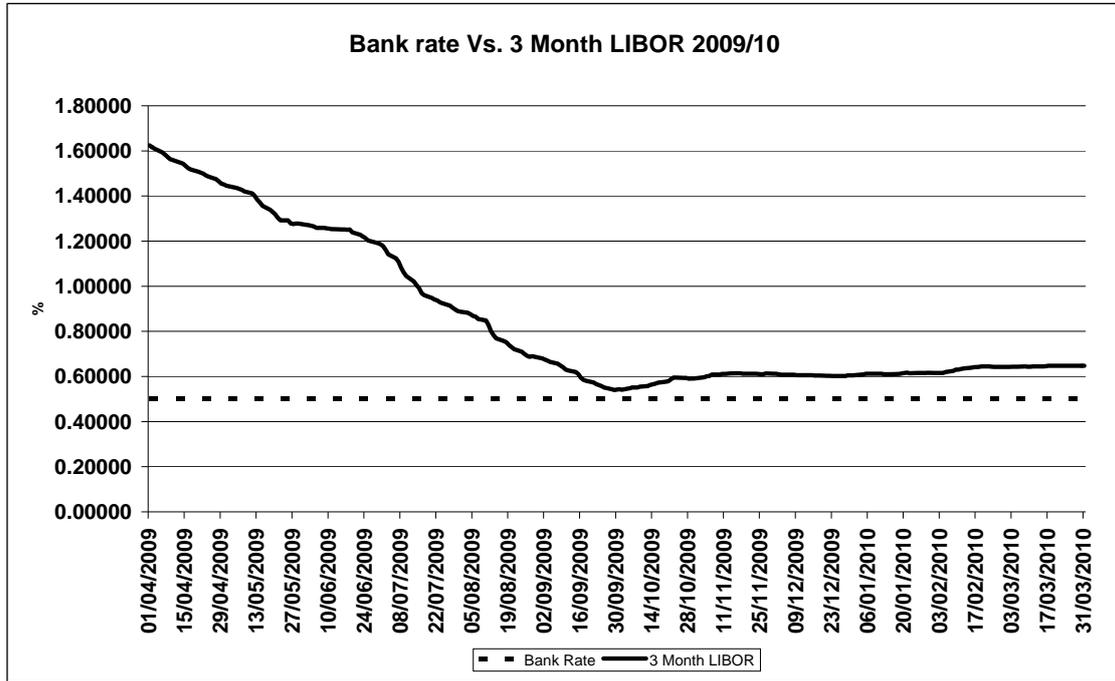
	2009/10
Authorised Limit	£523.371m
Maximum gross borrowing position	£324.732m
Operational Boundary	£438.187m
Average gross borrowing position	£320.434m
Financing costs as a proportion of net revenue stream	5.57%

Economic Background for 2009/10

- 24 Financial markets entered calmer waters in the early stages of the 2009/10 financial year as the worst fears of global depression and bank meltdown subsided. Nevertheless, while economies showed tentative signs of stabilising, a return to a positive growth path was still considered to be a long way off. Indeed, UK GDP data for the first half of 2009 registered its sharpest fall for over 20 years.
- 25 It was not until the summer months that economic performances began to stage a welcome improvement. Fear of a collapse of another leading financial institution lessened markedly and this was reflected in the more ‘normal’ behaviour of money market rates. That said, banking sectors in most countries were far from trouble free; asset write downs

- persisted, minor US banks continued to fail and the troubles of a number of building societies continued to make the headlines.
- 26 The UK economy continued to post a mixed performance and it was far from clear how far down the road to recovery it had travelled. The low point of the business cycle was passed during the third quarter of the year but the return to positive growth proved stubborn; for the UK this would not materialise until the fourth quarter of 2009.
- 27 Industrial production was one of the buoyant areas of the economy, although it was far from consistent. The main area of uncertainty remained consumer spending. This key driver of economic activity was hampered by the household sector's striving to reduce its heavily indebted position. This, along with the continued deterioration in the employment situation and the weakness of earnings growth served as further deterrents to spending.
- 28 The bias of MPC decisions remained directed towards policy ease throughout the year. As official interest rates had been reduced to near-zero (0.5% Bank Rate) in March 2009, monetary relaxation took the form of the extension of the Quantitative Easing programme. The £125bn tranche sanctioned in March was followed by two further boosts, £50bn in August and £25bn in November.
- 29 The accommodative policy approach, coupled with dwindling fears of financial collapse, created an environment in which money market rates eased to yet lower levels. In addition to this, the margin between LIBOR and LIBID rates returned to a more normal position. This was a sign that banks were more comfortable about transacting business between each other but the availability of credit to a wider cross-section of the economy remained problematic through to year-end.
- 30 Long-term interest rates did not suffer from the massive gilt funding requirement created by the surge in the public sector deficit. The Quantitative Easing programme was the principal source of market support. The large-scale purchasing of stock that this element of monetary policy required meant the Bank of England was to absorb virtually all of the year's supply.
- 31 Nevertheless, the programme was not sufficient to drive yields below the low point seen immediately after the inauguration of the QE programme in March 2009. Long-term rates remained generally erratic, (frequently registering large intra-day movements), but fluctuated within a comparatively narrow range. Investors were happy to take advantage of the support they were receiving from official activity but behaved in a manner that suggested most believed it is only a matter of time before the good fortunes of the market would come to an end. Indeed, yields returned to a rising trend once QE drew to a close in January 2010.

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Actual debt management activity during 2009/10

32 **Borrowing** – No loans were drawn in the year.

Investment Position

33 Investment Policy – The Council's investment policy is governed by CLG Guidance, which has been implemented in the annual investment strategy approved by Council on 26th February 2010. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

34 Resources – The Council's longer term cash balances comprise primarily revenue and capital resources, although these will be influenced by cash flow considerations. The Council's core cash resources comprised as follows, and meet the expectations of the budget:

Balance Sheet Resources (£m)	31 March 2009	31 March 2010
Balances	28.127	28.542
Earmarked reserves	62.709	95.140
Provisions	15.403	18.088
Usable capital receipts	11.242	23.613
Total	117.481	165.383

35 The Council maintained an average balance of £195.676m of internally managed funds. The internally managed funds received an average return of 0.902%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.419%.

36 The Economic Background for 2009/10 set out the continuing difficulties in economic conditions during this period. As a result of the deterioration, interest rates remained at historic lows impacting adversely on investment returns. Concerns over the security of financial institutions continued, resulting in a defensive investment position.

Regulatory Framework, Risk and Performance

37 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of

borrowing which may be undertaken (although no restrictions were made in 2009/10);

- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the CLG has issued Investment Guidance to structure and regulate the Council's investment activities.
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

- 38 The Council has complied with all of the above relevant statutory and regulatory requirements which require the Council to identify and, where possible, quantify the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

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Recommendations

- 41 Members are recommended to:
- Approve the actual 2009/10 prudential indicators within the report.
 - Note the treasury management stewardship report for 2009/10.

Section 6: County Council Services

April 2009 saw the beginning of a new era for local government in County Durham with the creation of a new unitary or 'all-purpose' council.

'All purpose' because the new council provides all of the main local services that were provided by the former county and district councils.

During the year the County Council provided many services direct to the public ourselves, but also 'commissioned' or hired other organisations to provide services on our behalf.

The County Council's net revenue budget for 2009/10 was £479.834m which, after a contribution from reserves of £13.147m and Area Based Grant of £46.533m, left £420.154m to be financed from Formula Grant and Council Tax.

Formula Grant, comprising Revenue Support Grant and redistributed National Non Domestic Rates funded 53.4% of the budget requirement, the balance of 46.6% coming from council tax.

The 2009/10 Band D council tax was £1,258.92 and this helped to provide services to deliver our priorities, which were:

For Healthier Communities:

- Maintained 3,479 km of footpaths, bridleways and byways and 109 km of railway paths
- Provided leisure facilities across the county including 28 public and community use swimming pools
- Safeguarded and promoted the welfare of children and young people and protected them from neglect and harm
- Supported families and prevented family breakdown
- Provided foster placements for looked after children and arranged adoption for children who needed this.

For Safer Communities:

- Helped over 20,000 vulnerable people to live in their own homes
- Cared for more than 4,300 people in residential and nursing care
- Provided more than 2.8 million hours of home care each year
- Provided decent and affordable housing and prevented more than 700 people from becoming homeless each year
- Protected vulnerable children, young people and adults from abuse and harm
- Maintained 79,235 streetlights, 5,749 lit signs, 575 road bridges and 479 footbridges
- Promoted safer communities through partnership working.

To help people enjoy, achieve and make a positive contribution:

- Received around 3.5 million visits to libraries and attractions
- Improved opportunities for children and young people
- Educated 119,500 children and young people in 287 nurseries, primary, secondary and special schools
- Provided services to 4,500 carers
- Enabled adult learners to achieve 11,293 qualifications over the last year
- Supported younger children and families through 43 Children's Centres
- Helped schools to improve test and exam results.

For Economic Wellbeing:

- Worked in partnership to help the unemployed back into work and supported people considering self employment
- Invested in major regeneration projects across the county
- Handled more than 5,000 planning applications
- Promoted a safe and fair trading environment

For an Improved Environment:

- Handled 260,000 tonnes of household waste annually, of which 34% was recycled or composted
- Maintained and improved parks, playgrounds and open spaces
- Maintained 3,711 km of roads, improved the transport network and bus services

Appendix 1: Implications

Finance

As included in the report.

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

None

Procurement

None

Disability Discrimination Act

None

Legal Implications

None