

# Item 8

## REPORT TO AUDIT COMMITTEE

25<sup>th</sup> JUNE 2007

## REPORT OF DIRECTOR OF RESOURCES

**Portfolio: STRATEGIC LEADERSHIP**

### **STATEMENT OF ACCOUNTS (FOR YEAR ENDED 31<sup>ST</sup> MARCH 2007)**

#### **1. SUMMARY**

This report deals with the statutory requirements set out in the Accounts and Audit Regulations 2003 for the production and publication of the Annual Statement of Accounts.

#### **2. RECOMMENDATIONS**

- 2.1 That the Statement of Accounts for the year ended 31<sup>st</sup> March 2007 be recommended to Council for approval.

#### **3. DETAIL**

The Statement of Accounts is being presented to this Committee so that it can consider the content and recommend that the Statement of Accounts to the Council for Approval. The minutes of this meeting together with their recommendations will be circulated to all Members of Council on the 29<sup>th</sup> June prior to this report being considered by them.

- 3.1 The Account and Audit Regulations 2003 require the Council to approve the Accounts of the Authority by no later than the 30<sup>th</sup> June, prior to their publication and the formal signing off by the District Auditor.
- 3.2 Following the Audit of the Statement of Accounts, which has to be completed by no later than 30<sup>th</sup> September 2007, the District Auditor will submit a formal report on the Audit. If there are any material changes to the Statement of Accounts it will also be necessary for Council to re-approve the document.
- 3.3 Once the Audit has been completed the District Auditor will issue an Audit Certificate, on receipt of that document it is responsibility of the Director of Resources to publish the Statement of Accounts. In order to comply with this requirement apart from producing copies of the Statement it will also be placed on the Council's website. In addition the Council will once again be preparing a "summary of the accounts" which following stakeholder consultation will be distributed to all residents of the Borough as an insert in Inform.

#### **4. FINANCIAL IMPLICATIONS**

Statement of Accounts 31.3.07 – Report to Audit Committee

- 4.1 Paragraphs 4.5 and 4.7 detail the outturn financial position for the two principal revenue accounts that the Council maintains:
- General Fund
  - Housing Revenue Account
- 4.2 Para. 4.8 details the impact on the Council's level of revenue reserves of the outturn position on the revenue accounts.
- 4.3 Para. 4.9 details the outturn financial position on the Council's capital programme for both Housing Revenue Account and General Fund, how the programme has been financed and recommended amendments to the overall capital programme control totals for 2007/2008.
- 4.4 Cabinet Members are kept advised of the likely outturn position with regard to their portfolios' revenue and capital budgets during the financial year by way of quarterly budgetary control reports to Cabinet.

#### 4.5 **GENERAL FUND**

##### ***(a) 2006 / 2007 Initial Plans***

The Council received a relatively good Revenue Support Grant settlement from the Government for 2006/2007, which represented a very substantial increase of £1,552,824 over the 2005/2006 settlement. The settlement took into account the Council's share of the £350million made available nationally to improve the statutory minimum concessionary fares scheme from half fare to free fare as well as a year on year increase of 5.4%.

Notwithstanding this relatively good settlement the Council faced some significant budget pressures for 2006/2007, including pay award and pension increases, job evaluation, the fall out of external grant funding, fuel price inflation and implementing the new minimum concessionary fares scheme.

However, the Council was still able to include significant service growth in key priority areas in the 2006/2007 Budget mainly in environmental services such as street cleansing and the extension of the Civic pride teams dealing with issues such as graffiti and chewing gum removal and fly tipping.

In overall terms, the Budget Framework for 2006/2007 showed another year of spending growth assisted by a relatively good RSG settlement, investment income generated from significant housing land sale capital receipts received by the Council and the reallocation of available resources to help achieve Council priorities.

The Council approved a budget requirement of £14,045,480 for 2006/2007, which represented a net increase of £1,634,000 or 13% on 2005/2006. The Budget assumed a use of balances of £500,000 from the Budget Support Fund.

Careful planning of the budget meant that the commitment made in the Medium Term Financial Plan to restrict the council tax increase to 3% was delivered in 2006/2007.

##### ***(b) 2006 / 2007 Actual Position***

The quarterly reporting of each portfolio's spending performance and probable outturn position to Cabinet and Strategic Working Groups has ensured that effective budgetary control has been achieved during 2006/2007.

The financial outturn position on the General Fund has improved considerably throughout 2006/2007, primarily as a result of the following items: -

- The Council's annual benefits bill now exceeds £30,000,000 with the level of overpayments being relative small in percentage terms and well within acceptable government limits. Housing Benefit Subsidy is paid at the rate of 100% of eligible payments, when an overpayment is made the rate of subsidy drops to 40% potentially leaving the Council to meet the remaining costs. If subsequently the Council recovers all of the overpayment surplus sums are generated.
- It has been the practice in the past to disregard the likely impact of recovered overpayments in the quarterly budget monitoring reports because of the difficulty in accurately assessing these amounts and only accounting for them at the year end when all relevant details are readily available.
- For 2006/2007 the level of recovered overpayments was in excess of £250,000. Revised monitoring arrangements are being introduced from 2007/2008 onwards and future budget monitoring reports will take into account likely levels of recovered overpayments
- The authority received grant from the Local Authority Business Growth Incentive Scheme [LAGBI]. This is the second of an initial three-year scheme designed to give local authorities an incentive to maximise local economic growth by allowing them to receive a proportion of increases in local business rate revenues to spend on their own priorities. The allocation for Sedgefield Borough in 2006/2007 was £410,000, and was not known until March meaning that it has not featured in previous outturn projections. There will be a further payment due in 2007/2008, however due to the difficulty in making an accurate assessment a similar situation will arise. To date no specific use has been determined for the award and therefore it has been added to the Budget Support Fund.
- During the year the turnover of staff employed by the Council, which is normally expected to be in the region of 2.5% per annum, was running at a much higher level than expected. As a consequence the impact of vacant posts and delays in filling posts resulted in significant cost savings on the salaries budget.

A summary of the outturn on the Council's General Fund is shown in the table below: -

<i>Portfolio</i>	<i>What we Spent 2006/2007</i>		
	<i>Revised Budget £000</i>	<i>Actual Spend £000</i>	<i>(Under-spend) Overspend £000</i>
<b>Strategic Leadership*</b>	(894)	(933)	(39)
<b>Healthy Borough</b>			
- <i>Community Health</i>	160	153	(7)
- <i>Leisure &amp; Culture</i>	3,926	3,929	3
<b>Strong Communities</b>			
- <i>Housing</i>	2,263	2,300	37
- <i>Safer Communities</i>	812	911	99
<b>Prosperous Borough</b>			
- <i>Learning &amp; Employment</i>	446	427	(19)
- <i>Social Regeneration &amp; Partnership</i>	2,327	2,022	(305)
<b>Attractive Borough</b>			
- <i>Environment</i>	5,246	5,066	(180)
- <i>Planning &amp; Development</i>	470	325	(145)
<b>Salary Savings</b>	(260)	-	260
<b>Other Savings</b>	-	(435)	(435)
<b>Contingency</b>	49	-	(49)
<b>Budget Requirement</b>	14,545	<b>13,765</b>	<b>(780)</b>
<b>(Use of) / Contribution to Balances</b>	(500)	<b>280</b>	<b>780</b>
<b>Budget Requirement</b>	<b>14,045</b>	<b>14,045</b>	-

\* The Strategic Leadership Portfolio shows a credit budget and actual spend as it includes internal recharges to frontline services in respect of support services and significant interest receivable in relation to the Council's short term investments.

The above table is shown on a non FRS 17 basis.

The budgets for 2006/2007 have been fully revised to take account of the full reallocation of corporate support services and asset charges fully recharged to service areas.

As a result of the favourable outturn position on the General Fund and the incorporated LABGI grant, the Council has been able make a contribution of £280,000 to the Budget Support Fund as opposed to the budgeted use of balances of £500,000.

A detailed summary of the movements in the levels of all of the Council's Reserves is shown in paragraph 4.8.

### Training and Employment Services

The initial budget prepared for 2006/2007 forecast that the Training Services account would make an operating loss of about £138,000 [excluding asset charges] by the 31<sup>st</sup> March 2007. As a consequence of higher contract income generated by the Job Centre plus and other contracts the overall loss for the year was only £13,457.

### 4.6 Revenue Provisions Into 2007/2008

In view of the Council's favourable outturn position, I have made provision in the 2006/2007 Accounts to carry forward unused resources for specifically identified purposes amounting to £223,600 into the current year to meet specific needs identified within the Budget and Policy Framework. This action is in line with the Financial Regulations.

Details of the provisions made are as follows: -

	£
<b>General Fund</b>	
<i>Organisational Training &amp; Development Initiatives</i>	20,800
<i>Youth Music Initiative</i>	1,500
<i>Aycliffe Town Centre – Legal Fees</i>	5,000
<i>Housing Needs Study – Non HRA element</i>	7,500
<i>Leisure – Early Years Initiatives</i>	9,790
<i>Durham Women's Refuge - Support</i>	5,000
<i>Domestic Violence Initiatives</i>	1,120
<i>Safeguarding Children Board – Training Initiatives</i>	12,000
<i>Local Development Framework - Appraisals</i>	14,650
<i>Community Economic Appraisals</i>	38,000
<i>Council Tax Charter Mark Initiatives</i>	30,000
<i>Housing Benefits Admin Improvement Initiatives</i>	35,740
<i>Horticultural Maintenance</i>	20,000
<b>Housing Revenue Account</b>	
<i>Housing Needs Study</i>	2,500
<i>Refurbishment works at Grayson Grange [Carelink]</i>	20,000
<b>Total Revenue Provisions</b>	<b>223,600</b>

During 2006/2007 an offer was made to those employees who had lodged an equal pay claim against the Council in full and final settlement. The offer was subsequently rejected and following consultation with the employees unions further equal pay claims have been submitted. A provision of £773,000 has been provided for equalling the cost of the initial offer, all of which would fall against the Housing Revenue Account and this is being met from HRA balances.

In addition the Council has received grant funding in respect of specific initiatives that was unspent at the 31<sup>st</sup> March 2007 amounting to £605,460. The budget framework already assumes that some of this grant funding will be utilised in 2007/2008, however if the specific programmes do not need all of the funds in the current financial year

unspent resources will be rolled forward into later years to meet specific requirements of the relevant initiatives.

	<b>£000</b>
<b>General Fund</b>	
<i>LPSA – Cost Efficiency Grant</i>	157,790
<i>DEFRA- Waste Management &amp; Efficiency Grant</i>	35,980
<i>D o H – Smoke free Legislation</i>	8,590
<i>Planning Delivery Grant</i>	190,890
<i>Local Enterprise Growth Initiative</i>	112,210
<i>D o H – Communities for Health</i>	100,000
<b>Total Grant Provisions</b>	<b>605,460</b>

#### 4.7 HOUSING REVENUE ACCOUNT

##### **(a) 2006/2007 Initial Plans**

The structure of the Housing Revenue Account (HRA) has changed significantly in recent years with the introduction of the Supporting People Grant for Carelink services, rent restructuring and the transfer of rent rebates to the General Fund. In addition the subsidy settlement has undergone major methodology changes particularly with respect to how certain allowances are calculated.

In terms of spending in 2006/2007, the Council's management and maintenance allowances again increased well above inflationary levels. The management allowance was increased by 9.7% and the maintenance allowance showed an increase of 6.4%.

The extra spending capacity from increased allowances allowed some budget growth to be included in the 2006/2007 Budget, particularly in terms of repairs and maintenance and disabled persons adaptations to the housing stock. This was achieved without the need to draw on reserves, which stand at a relatively healthy level.

However, significant changes were made to the rent restructuring model for 2006/2007 that led to substantial rent increases for most tenants. This will continue over the next few years so that full convergence with housing association rents can be achieved by 2012.

Therefore whilst the 2006/2007 subsidy proposals allowed for increased investment in maintaining and managing the housing stock it was at the cost of above inflation rent increases for many tenants.

Overall the HRA remained in a negative subsidy position and indeed this worsened under the new proposals. In 2005/2006, £1.9m is being paid over to the Government and this increased to £2.7m in 2006/2007. So in effect £800,000 of the additional rent increase raised this year was transferred to the Government to assist with social housing in other parts of the country.

##### **(b) 2006/2007 Actual Position**

The approved budget for 2006/2007 assumed that the HRA would break even with no requirement for contribution to or from Balances.

However, following Cabinet Approval the budget has since been adjusted to assume a use of HRA Balances of £400,000. This is made up of £300,000 to ease spending pressures and backlog of works in respect of Disabled Persons Adaptations within the Repairs and Maintenance Budget and £100,000 towards the first year costs of the HRA Service Improvement Plan. In addition as part of the financing of the HRA capital programme it was anticipated that the sum of £500,000 would also be used.

The financial outturn position on the HRA shows a use of HRA Balances of £1,264,610. Details of which are shown in the following table: -

	<i>What We Spent 2006/2007</i>		
	<i>Planned £000</i>	<i>Actual £000</i>	<i>(Under- spend) Overspend £000</i>
<b><i>Income</i></b>			
<i>House Rents Net of Voids and Bad Debts</i>	21,567	21,731	(164)
<i>Other Rents</i>	882	856	26
<i>Government Subsidies</i>	85	85	-
<i>Other Grants, Contributions and Charges</i>	4,580	4,652	(72)
<i>Investment Income</i>	106	106	-
<b><i>Total Income</i></b>	<b>27,220</b>	<b>27,430</b>	<b>(210)</b>
<b><i>Expenditure</i></b>			
<i>Management Costs</i>	10,489	10,120	(369)
<i>Maintenance Costs</i>	6,653	6,985	332
<i>Equal Pay Provision</i>	-	773	773
<i>Capital Financing</i>	6,053	6,163	110
<i>Revenue Contribution to Capital #</i>	2,055	1,699	(356)
<i>Negative Subsidy Payable</i>	2,730	2,820	90
<i>Statutory Contributions to General Fund</i>	140	134	(6)
<b><i>Total Expenditure</i></b>	<b>28,120</b>	<b>28,694</b>	<b>574</b>
<b><i>Contribution from HRA Balances</i></b>	<b>900</b>	<b>1,264</b>	<b>364</b>

# Includes £500,000 support to the HRA capital programme from HRA balances

The main reasons for the increased use of HRA balances are detailed below: -

- A revenue provision has been set aside to meet part of the equal pay claims that the Council recognises will at some time in the future be paid in respect of staff chargeable against the HRA, amounting to £773,000.
- The Council has benefited from the higher than estimated rental income as a result of a downturn in the level of RTB sales and reduced levels of rent loss through voids, which are currently running at historically low levels.
- The net overspend on management and maintenance relates in the main to increased staffing costs associated with the increased works budget in respect of disabled persons adaptations and the higher than anticipated use of agency staff used.

- The under spend on the revenue support to the capital programme is being carried forward to meet capital programme slippage.

#### 4.8 RESERVES

The following statement sets out the actual position in respect of the level of reserves and balances available to the Council as at the 31<sup>st</sup> March 2007, which includes the LAGBI funds of £410,000. The overall level of resources available to the Council has fallen by £1.422m compared to the balances as at 31<sup>st</sup> March 2006. This is mainly attributable to the transfer of HRA resources to meet the cost of the equal pay claims outlined earlier in this report and the use of HRA resources to fund the new initiatives approved by Cabinet as detailed in Paragraph 4.7[b] above. The use of General Fund reserves is broadly in line with the expectations used when the 2006/2007 budgets were approved in February 2006.

		<i>Balances at</i>	
		<i>31/3/2006</i>	<i>31/3/2007</i>
		<i>£000</i>	<i>£000</i>
<b>General Fund</b>			
<b><i>Earmarked Reserves</i></b>			
	<i>Budget Support Fund</i>	1,721	2,002
	<i>Insurance Fund</i>	1,237	1,231
	<i>Economic Development Fund</i>	183	103
	<i>Asset Management Fund</i>	502	402
	<i>Private Sector Housing Fund</i>	203	203
	<i>Training Services Fund</i>	458	445
	<i>Youth Development Fund</i>	109	64
	<i>MRP (Debt Repayment) Fund</i>	456	256
	<i>Building Control Fund</i>	21	14
	<i>Other Earmarked Funds</i>	51	65
		<b>4,941</b>	<b>4,785</b>
<b><i>Non-Earmarked Reserves</i></b>			
	<i>General Reserves</i>	<b>2,240</b>	<b>2,240</b>
<b>Housing Revenue Account</b>			
	<i>HRA Working Balance</i>	<b>4,647</b>	<b>3,382</b>
	<b>Total Reserves</b>	<b>11,828</b>	<b>10,407</b>

The purposes for which the main reserves are held are detailed below: -

##### ***Budget Support Fund***

This was set up to provide support to the General Fund to allow spending levels to be adjusted over the medium term. The Medium Term Financial Plan 2006-2009 [MTFP] anticipates that £1.5m of this fund will be used over the next three years. The balance shown currently includes the two LABGI awards

##### ***Insurance Fund***

Established to cover the Council's self-insured risks. Whilst the revised balance will fall as claims continue to be met, the current level of funding is regarded as satisfactory in the medium term.



### ***Economic Development Fund***

Set up to provide incentives to industry, whilst the Fund has lasted much longer than initially anticipated. There are ongoing commitments against the fund and it is expected that as a consequence of no external grant funding being available to support the incentives programme the fund has a very limited future life.

### ***Training and Employment Services***

This Fund is used to support the Council's training schemes, which have provided training opportunities to thousands of people over many years.

### ***Asset Management Fund***

This fund is available to provide support to meet the Council's commitments under the Asset Management Plan. The MTFP anticipates that £0.3m of this fund will be used over the next three years.

### ***Private Sector Housing Fund***

Established some years ago, when Housing Association loans were repaid, to provide support to private sector housing regeneration initiatives. The MTFP anticipates that £0.1m of this fund will be used over the next three years.

### ***Youth Development Fund***

This Fund is used to support projects aimed at developing the skills and talents of young people in Sedgefield Borough. This will provide significant additional funds to support 'KoolKash' initiatives and is in line with the outcome from the review of Children and Young People.

### ***Other Earmarked Funds***

This covers a range of small balances, and funds that are used for technical accounting purposes.

### ***General Reserve***

The balance on this reserve represents around 16% of net revenue spending, which is well above the minimum level advised by the Audit Commission of 5%. However, the Council has always held a significant reserve reflecting its tradition of being an active Council, prepared to respond to new initiatives and it considers the level of balances to be adequate and appropriate for this authority and a balance of £2m is regarded as a target to be maintained in the medium term.

### ***Housing Revenue Account***

Balances have been built up over the last few years primarily as a result of buoyant capital receipts being generated, which have been used to finance capital expenditure rather than using revenue resources that are under pressure from the need to repay subsidy. The MTFP anticipates that £1.5m will be used over the next three years to support the capital programme so that the Council achieves its decent homes target.

## **Collection Fund**

The Council, as billing authority, maintains the Collection Fund accounts in respect of all the precepting authorities within Sedgefield Borough. Surpluses and / or losses on the Fund have to be used to support future Council Tax bills.

During December 2006 the Council is required to estimate the likely surplus or deficit on the Collection Fund and advise the Principal Precepting Authorities of their share that has to be paid out during 2007/2008, that surplus was estimated at £648,500. As at the 31<sup>st</sup> March 2007 there was an accumulated surplus on the Fund of only £595,000. Whilst a higher level of funds has been distributed than is currently being held the shortfall will be collected during 2007/2008.

Sedgefield Borough Council utilised £150,000 of the assumed surplus to set its own level of Council Tax in 2007/2008 whilst the actual share of the Collection fund balance at 31<sup>st</sup> March 2007 was £137,500.

## **4.9 CAPITAL INVESTMENT & FINANCE**

### ***(a) Capital Investment in Sedgefield Borough 2006/2007***

In preparing the Council's Capital Budgets for 2006/2007, account had to be taken of the resources available to the Council in the form of Government grants and allocations such as the Major Repairs Allowance, Supported Borrowing Approvals and the Council's own capital resources such as usable capital receipts, revenue contributions and accumulated reserves.

The approved net spending target for 2006/2007 was subsequently set at £15.65m with £4.4m set aside for General Fund Services, £7.8m for Council Housing Services and £3.45m for Major Regeneration Initiatives to be funded from Housing Land Capital Receipts.

The spending targets were revised during the year to reflect outstanding commitments carried forward from 2005/2006. Following these amendments, the revised net spending approval was set at £17.747m, with £7.800m set aside for Council Housing Services, £5.979m for General Fund Services and £3.968m for Major Regeneration Initiatives.

Taking into account additional external funding secured during the year, the total gross spending target was £20.742m with £8.674m for General Fund, £7.800m for Council Housing and £4.268m for Major Regeneration Initiatives.

The figures in the tables below detail the actual gross and net capital expenditure in 2006/2007 in respect of the General Fund, Council Housing and Major Regeneration Programmes. The net spend shown is after the deduction of any external capital grants and contributions received during the year and therefore represents the expenditure to be financed from the Council's own resources and Government allocations built into the base budget such as the Major Repairs Allowance and Supported Borrowing Allocations.

### ***(b) General Fund Services***

The final outturn position on the 2006/2007 General Fund Capital Programme (including the Major Regeneration Programme) can be summarised as follows: -

<b>Portfolio</b>	<b>Net Capital Programme Budget £000</b>	<b>Gross Capital Programme Budget £000</b>	<b>Actual Gross Spend* £000</b>	<b>Less Capital Grants and Contributions £000</b>	<b>Actual Net Spend To Finance £000</b>
<b>Strategic Leadership</b>					
ICT and E-Government	900	1,738	764	(81)	683
Green Lane	240	240	245	-	245
Chilton Depot	90	106	100	-	100
<b>Healthy Borough</b>					
Community Health	25	697	721	(615)	106
Leisure and Culture	600	1,103	1,317	(244)	1,073
<b>Prosperous Borough</b>					
Social Regeneration	300	1,433	923	(484)	439
Learning and Employment	300	1,136	763	(239)	524
Major Regeneration	3,450	4,268	313	-	313
<b>Attractive Borough</b>					
Environment	70	106	47	-	47
<b>Strong Communities</b>					
Housing (Private Sector)	1,800	1,918	2,736	(1,663)	1073
Safer Communities	75	197	180	(24)	156
<b>TOTAL</b>	<b>7,850</b>	<b>12,942</b>	<b>8,109</b>	<b>(3,350)</b>	<b>4,759</b>

\* Net of deminimus spend transferred to revenue

The variances from the approved programme can be attributed to a number of reasons:

- Where capital schemes are funded through external agencies, such as the Single Capital pot these resources must be spent first as in most instances if the resources are not defrayed within the year they have to be repaid.
- Delays in the implementation of the Major Regeneration Initiatives Programme pending the recruitment of the implementation team and the complexities of getting the various initiatives started. Whilst little spend was incurred in 2006/2007 significant on-going commitments have been created.
- Delays in the commencement or completion of a number of schemes on the Regeneration and Economic Development Capital Programme mainly in respect of Spennymoor Town Centre, Neighbourhood Renewal and Aycliffe Industrial Park.
- A number of ICT capital projects were delayed or did not go ahead as planned during the year.
- Whilst Leisure & Culture has not spent all of its allocation the level of on-going commitments exceeds the overall underspend. This is partly as a result of increased costs on some of the projects and additional approved schemes being brought into the programme in advance of the 2007/2008 programmes.

The Council has again been successful in securing additional grants and contributions from external sources to support its capital investment. The amounts to be financed from the Council's own resources were therefore lower than anticipated.

### **c) Housing Services**

The Housing Investment Programme (H.I.P.) provides, in the main, for the revitalization of the Council's dwellings and associated land and infrastructure. The significant areas of the Programme in 2006/2007 were all designed to help the Council achieve the Government's Decent Homes standard, including:

- *Continuation of Kitchen and Bathroom Improvement Programme where the tenant has significant choice in the new facilities installed in their homes.*
- *Continuation of a programme to renewing inefficient central heating systems and the provision of cavity wall insulation in all Council dwellings.*
- *Continuation of a programme to renew roofing on all Council dwellings along with the continuation of a programme of structural repairs and the replacement of dilapidated external components on Council dwellings*
- *Other works, including the works to sheltered housing schemes, fencing and landscaping works and works to Council owned shops.*

The outturn position on the 2006/2007 Council Housing Capital Programme can be summarised as follows:

<b>Scheme</b>	<b>Capital Programme Budget £000</b>	<b>Net Spend To Finance £000*</b>
<b>Council Dwellings</b>		
<i>Tenant Led Improvements</i>	-	227
<i>Kitchen Units</i>	582	221
<i>Kitchen and Bathroom Improvements</i>	2,000	2,489
<i>Bathroom Replacements</i>	440	386
<i>Structural Repairs</i>	264	254
<i>External Fabric Replacement</i>	-	55
<i>Central Heating / Cavity Wall Insulation</i>	3,150	2,576
<i>P.V.C.U. Doors / External Joinery</i>	-	127
<i>Re-roofing Works</i>	416	739
<i>Other Council Housing Works</i>	298	116
<b>Other Works</b>		
<i>Disabled Persons Adaptations</i>	80	53
<i>Infrastructure Works</i>	160	54
<i>Council Shops</i>	20	20
<i>Sheltered Housing</i>	380	-
<i>Other Land and Buildings</i>	10	28
<b>Total</b>	<b>7,800</b>	<b>7,345</b>

\* Net of de minimus spend transferred to revenue

Overall the Council spent £15.454m gross on the 2006/2007 Capital Programme against a gross spending target of £20.742m. The financing of the capital programme outturn is detailed in the section below.

**(d) Capital Financing in 2006/2007**

The following table sets out how the 2006/2007 Capital Programme was financed: -

	<b>£000</b>
<b>Expenditure to Finance</b>	
General Fund	8,109
HRA	7,345
<b>Financed By</b>	
Major Repairs Allowance (MRA)	5,043
Capital Receipts	5,015
Capital Grants	2,615
Capital Contributions	768
Direct Revenue Financing	1,800
Supported Capital Expenditure	213
	<b>15,454</b>

**(e) Capital Programme – Carry Forward to 2007/2008**

The following table highlights the outstanding commitments on each portfolio's capital programme, which will need to be carried forward into 2007/2008 to meet on-going expenditure plans.

These allocations are in addition to the already approved 2007/2008 capital programme and the 2007/2008 control totals will need to be adjusted accordingly: -

<b>Portfolio / Capital Programme</b>	<b>Slippage &amp; Savings / (Overspend) 2006/07 £000</b>	<b>Commitments/ Carry Forward To 2007/2008 £000</b>
<b>Strategic Leadership</b>		
ICT and E-Government	852	829
Green Lane	(5)	-
Chilton Depot	6	6
<b>Healthy Borough</b>		
Community Health #	7	14
Leisure and Culture	(3)	164
<b>Prosperous Borough</b>		
Social Regeneration	324	388
Learning and Employment	203	162
Major Regeneration	2,435	1,981
<b>Attractive Borough</b>		
Environment	23	18
<b>Strong Communities</b>		
Housing (Private Sector)	83	83
Council Housing (HRA)	343	343
Safer Communities #	(38)	31
<b>TOTAL</b>	<b>4,230</b>	<b>4,019</b>

**# These carried forward commitments are being financed from Capital contributions**

Social Regeneration spend includes an additional £77,000 relating to underground cabling works at Dean Bank, Ferryhill which had not been paid in 2005/06 and for which there was no carry forward commitment created in the current year.

Culture and Recreation overspend includes approx £50,000 for work on Locomotion at Shildon which relates to the Council's share of the increased costs on the original building contract. It also includes £67,000 in relation to essential DDA works at all four leisure centres which cost more than anticipated. The carry forward figure represents contractual commitments relating to 2006/2007 capital works.

### **(f) Usable Capital Receipts**

As a consequence slippage and other savings on the 2006-2007 Capital Programme and the Capital Receipts generated during the year, the Council has Usable Capital Receipts available to finance future capital works, amounting to £15.196m as at 31<sup>st</sup> March 2007. In accordance with decisions taken by Council in July 2004, £13.642m of these Capital Receipts is being earmarked specifically for major regeneration and affordable housing schemes.

## **5. RESOURCE IMPLICATIONS**

There are no further resource implications arising from this report.

## **6. CONSULTATIONS**

Comprehensive consultation has previously been held during the construction of the 2007/2008 Budget Framework. This report does not contain any proposals or recommendations requiring further consultation.

## **7. OTHER MATERIAL CONSIDERATIONS**

### **7.1 *Links to Corporate Objectives/Values***

The Council's Corporate Objectives and Values have guided the preparation of the 2006/07 Budget Framework throughout. Resource availability has been fully re-assessed and directed to assist in achieving the Council's key priorities as set out in the Corporate Plan. Particular emphasis has been placed on the following Corporate Values: -

- *Be responsible with and accountable for public finances.*
- *Consult with service users, customers and partners.*

### **7.2 *Risk Management***

There have been no further risks identified other than those highlighted in the report to Council on the 24<sup>th</sup> February 2006.

### **7.3 *Health and Safety***

No additional implications have been identified.

### **7.4 *Equality and Diversity***

No material considerations have been identified.

### **7.5 *Legal and Constitutional***

The Budget Framework for 2006/2007 was prepared in accordance with the Council's Constitution. No other legal or constitutional implications have been identified.

## 8. OVERVIEW AND SCRUTINY IMPLICATIONS

Consultation and engagement with Overview and Scrutiny Committees has previously been held in development and review of the 2006/2007 Budget Framework.

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**Ward:** Not Ward specific  
**Key Decision:** Validation

**Background Papers:**

- ~ Report to Special Council 24<sup>th</sup> February 2006 – Budget Framework 2006/2007.
- ~ Report to Council 30<sup>th</sup> June 2006- Statement of Accounts 2005-2006
- ~ Reports to Cabinet 14<sup>th</sup> September 2006- Revenue & Capital Budgetary Control Report – Position at 31<sup>st</sup> July 2006
- ~ Reports to Cabinet 16<sup>th</sup> November 2006- Revenue & Capital Budgetary Control Report – Position at 30<sup>th</sup> September 2006
- ~ Reports to Cabinet 2<sup>nd</sup> March 2007- Revenue & Capital Budgetary Control Report – Position at 31<sup>st</sup> December 2006

### Examination by Statutory Officers:

	Yes	Not Applicable
1. The report has been examined by the Council's Head of the Paid Service or his representative.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. The content has been examined by the Council's S.151 Officer or his representative.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Management Team has approved the report.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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