



# Revenue and Capital Budgets 2008/2009

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including  
Medium Term Financial Plan  
2008/2009 to 2010/2011

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## Introduction and Key Features

- 1 For the third year running Durham County Council has been awarded a four star rating in the Comprehensive Performance Assessment (CPA). The Audit Commission announced the CPA results in February, confirming that the Council has retained the top four star status. This follows on from four star ratings in 2005 and 2006.
- 2 The primary aim of CPA is to help local authorities improve their services for local people and for 2007, Audit Commission inspectors said:

“Durham County Council is improving well. It has made good progress in most priority areas. “
- 3 The Audit Commission has assessed how the Council manages finances and provides value for money. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Council’s priorities and improve services. The Council received a score of three out of four in this area.
- 4 A budget strategy over the medium term, based on the County Council’s priorities, has been the subject of consultation and discussion since the summer of last year.
- 5 The document sets out:
  - The priorities the County Council has used to focus investment and savings
  - The resources the County Council has allocated to Service spending on both Revenue and Capital expenditure
  - Plans for investment and savings in 2008/09
  - Assumptions for 2009/10 and 2010/11
  - A review of spending in 2007/08
  - A Reserves Policy
  - A Prudential Code and a Treasury Management Policy
  - Our plans for a council tax increase of 2.9%

## Priorities

- 6 In support of the County Council’s priority outcomes, the proposed areas for additional investment are:
  - Vulnerable children and young people
  - People with learning disabilities
  - Older people to retain their independence
  - The transport infrastructure and reducing the rate of decline of

- public transport
- Building Schools for the Future

## Grant Settlement

- 7 Formula Grant £161.507m. A cash increase of £20.9m over 2007/08 or 14.9%, as expected. When 2007/08 has been adjusted to reflect changes in specific grants this increase is £10.8m or 7.2%.
- 8 The average increase in formula grant for Counties without Fire responsibilities is 5.2%.
- 9 The County Council's contribution towards the floor to support other Shire Counties is £15.8m in 2008/09.
- 10 The Dedicated Schools Grant has increased to £3,981.55 per pupil, an increase of 4.3% from 2007/08 and will be spent on Education, in line with Government's requirements. However, final levels of grant paid to the Council will depend on pupil numbers and will be confirmed after the budget has been agreed by the County Council. DSG is likely to be of the order of £273.5m.

## Revenue Budget

### Planning Assumptions

- 11 The following assumptions have been used during the Medium Term Financial Plan:

	2008/09	2009/10	2010/11
	%	%	%
Price inflation	2.0	2.3	2.3
Salary and other cost inflation	2.5	2.5	2.5
Pension contributions increase	5.0	4.5	4.5
Council tax increase	2.9	5.0	5.0
Grant Settlement	4.5	4.8	4.1

- 12 Each 1% increase in precept (or council tax) generates about £1.6m.

### 2008/09 Proposals

- 13 Investment of £8.7m of which £4.7m is in Adult and Community Services.
- 14 Savings of £6.1m.
- 15 Detailed in Section G, Annex G1 and G2 are lists of investment and savings.
- 16 Council tax – recommended to County Council on 26<sup>th</sup> February by Cabinet – an increase of 2.9%.

- 17 A Band D council tax would then be £1,024.38, an increase of £28.89 per annum or 56p per week.
- 18 A Band A council tax would increase by £19.26 per annum or 37p per week.

### 2009/10 and 2010/11

- 19 To present a balanced budget, with a 5% increase in council tax, savings of the order of £3.0m in 2009/10 and £12.9m in 2010/11 will need to be identified and achieved.

### Capital Budget

- 20 The capital programme currently stands at:

2008/09	2009/10	2010/11	Total
£m	£m	£m	£m
103.6	71.0	49.2	223.8

- 21 Financed by:

	2008/09	2009/10	2010/11	Total
	£m	£m	£m	£m
Grants	37.3	33.8	23.6	94.7
Contributions	0.8	0.8	0.1	1.7
Revenue	3.9	3.9	3.9	11.7
Reserves	1.5	1.7	1.7	4.9
Capital receipts	15.1	10.7	2.3	28.1
Borrowing	45.0	20.1	17.6	82.7
Total	103.6	71.0	49.2	223.8

- 22 Decisions regarding the allocation of an additional £3.5m to the capital programme will be made in the coming months.

### Consultation

- 23 Members agreed to consult on the "Your Council... Your Say" document and this consultation period came to an end on 30<sup>th</sup> November. This consultation document explored options involving investment of £6.9m and savings of £7.5m and was based around a council tax increase of 3.9%.
- 24 The consultation process has involved meetings with Trades Unions, NNDR, Scrutiny, Citizens' Panel, Business Sector bodies, Voluntary Sector groups, the Schools' Forum, Young Peoples' groups and general public consultation.
- 25 We received 133 written responses along with comments from various organisations and feedback from meetings with the 17 young people from the Investing in Children's Initiative, The Overview and Scrutiny

Committee, The Citizen's Panel and representatives from the voluntary and business sectors.

- 26 As a result of these representations and the response from all consultees a number of changes have been made to the original options, which have been incorporated into this document.

### **If You Have Any Comments**

- 27 We hope that this document proves to be both informative and of interest to readers. It is important to try to improve the quality and suitability of information provided and feedback is welcomed.
- 28 If you have suggestions or comments on either the format of the document or its content, or you would like any further information, please contact the County Treasurer:

Telephone: (0191) 383 3520  
e-mail: [treasurers@durham.gov.uk](mailto:treasurers@durham.gov.uk)  
Or write to:  
County Treasurer  
Durham County Council  
County Hall  
DURHAM  
DH1 5UE

## Section A - Context

### What the County Council does

The County Council is an assembly of 63 county councillors, elected by people in County Durham to take decisions, represent their views and ensure that key services are delivered efficiently and effectively.

In many instances, the County Council is the 'statutory authority', the organisation responsible legally for planning and providing particular services which affect the public.

We provide many services direct to the public ourselves, but also 'commission' or hire other organisations to provide services on our behalf.

As an organisation, we have three main service groupings:

- Adult and Community Services – providing health and social care services for adults, cultural and leisure services such as libraries and museums and a range of community support services for particular groups of people and the wider community in County Durham.
- Children and Young People's Services – providing nursery, primary and secondary education for children and young people, transport to schools and colleges and youth services, education in the community, meeting children and young people's health and social care needs, supporting families, fostering and adoption, Child Protection and Building Schools for the Future (our redevelopment programme for secondary schools).
- Environment – looking after the environment of our countryside, towns and villages, controlling and planning development in the County, maintaining and developing the network of roads, cycle ways and footpaths, promoting and developing the use of public transport and disposing of household and commercial waste. Since last year this service has taken on responsibility for economic development and regeneration services.

In addition, we have three management and administrative support services and a commercial trading arm:

- Chief Executive's Office – providing corporate policy, strategy and research for the Council, human resources strategy and personnel services, public relations and management of major initiatives such as the Local Area Agreement and the County Durham Strategic Partnership.
- Corporate Services – providing legal and procurement services for the Council, managing the Council's property and assets, building design services, registration of births, deaths and marriages and democratic

services such as support for councillors and the Council's various committees, including Overview and Scrutiny and decision-making bodies.

- County Treasurer – managing the Council's finances, audit and risk and providing specific financial services such as income and payments, payroll and pensions. During this year the service has taken responsibility for design and print, information and communications technology.
- Service Direct – providing highways and bridges maintenance and construction, street lighting, grounds maintenance, building maintenance and building specialist services, catering, cleaning, and vehicle management services for the Council on a contractual basis through open competition and procurement.

To give you an idea of the scale of services we provide and what we do, we:

#### Adult and Community Services

- help over 16,000 vulnerable people to remain independent in their own home
- care for more than 3,300 people in residential and nursing care
- provide more than 2.5 million hours of home care each year
- protect vulnerable adults from abuse and harm
- raise £9.2m in 2005/06 in social security benefits for the people of County Durham
- provide 39 static and 6 mobile libraries, loaning over 3.5 million library items each year
- provide free internet access in libraries
- run three museums – Binchester Roman Fort, DLI Museum and Art Gallery and Killhope Lead Mining Museum
- receive 3.6 million visits to libraries and attractions
- handle 840,000 information and advice enquiries annually
- raise £9.2 million in 2005/06 in social security benefits for the people of County Durham
- promote safer communities through partnership working

#### Services for Children and Young People

- improve the opportunities for all our children and young people
- educate almost 75,000 pupils in 292 schools
  - 12 nursery
  - 233 primary
  - 36 secondary
  - 10 special
  - 1 Pupil Referral Unit
- provide learning opportunities from three years old
- work to improve levels of pupil attainment
- safeguard and promote the welfare of our children and young people
- protect children and young people from neglect and harm
- support families and prevent family breakdown



- act as 'corporate parent' to care for 'looked after' children

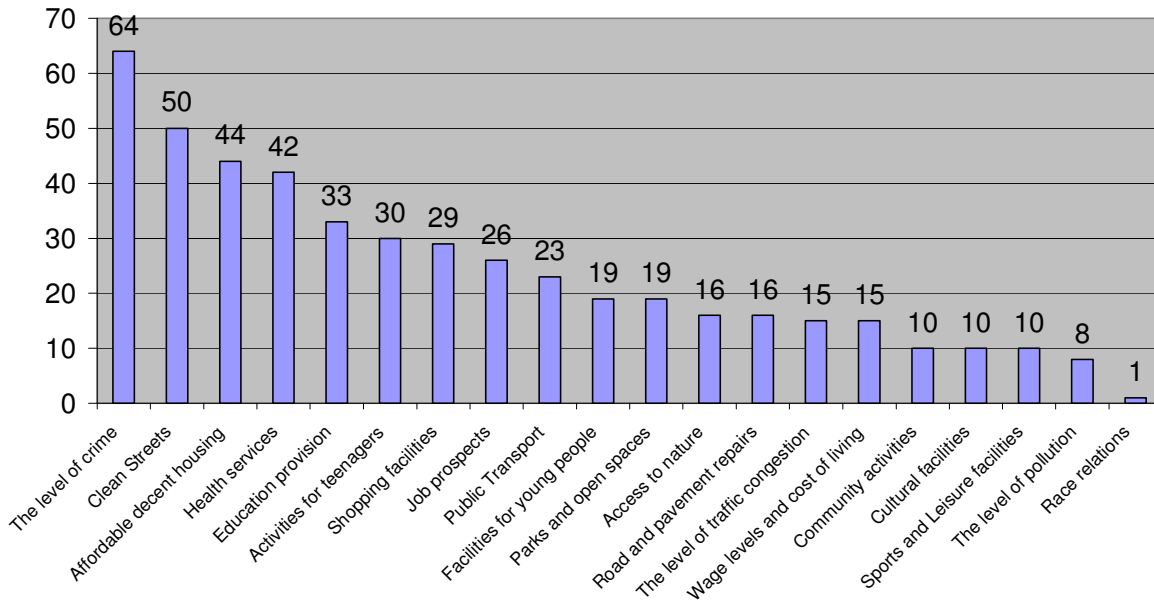
## Environment

- maintain 3,699km (2,295 miles) of roads, 3,353km (2,144 miles) of footpaths and bridleways and 304km (189 miles) of railway paths and cycle ways
- improve the transport network and bus services
- maintain 83,000 streetlights and lit signs and 1,144 bridges
- handle 280,000 tonnes of waste annually of which 29% is recycled or composted
- safeguard the environment
- promote a safe and fair trading environment
- Assist businesses to create over 1,261 jobs (2005/06)
- Secure external funding to promote the local economy

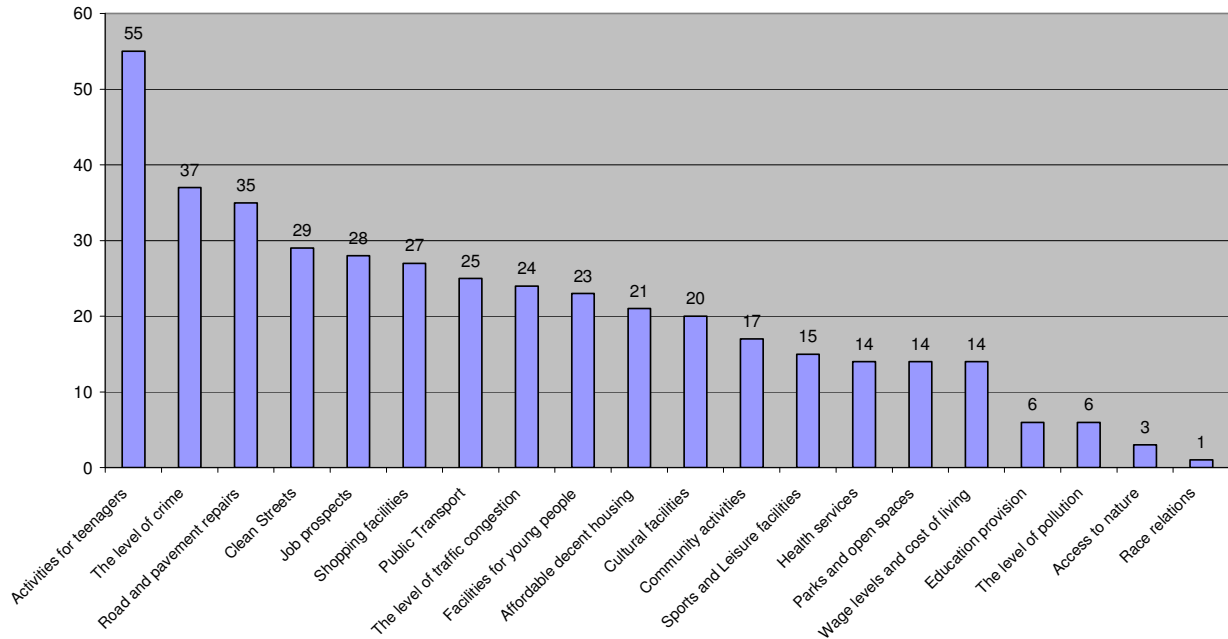
## What people have told us

Every three years we conduct a residents' satisfaction survey to provide a view on satisfaction with council services. The 2006 survey was sent out to 6,000 residents and there were 2,936 responses, a 50% response rate. Respondents were asked to identify five things that make somewhere a good place to live, and similarly five things that they think need most improving. The results are shown below:

Thinking generally, which of the following would you say are most important in making somewhere a good place to live? (respondents could pick up to 5)



**Thinking about this local area, which of the following, if any, do you think most need improving?  
(respondents could pick up to 5)**

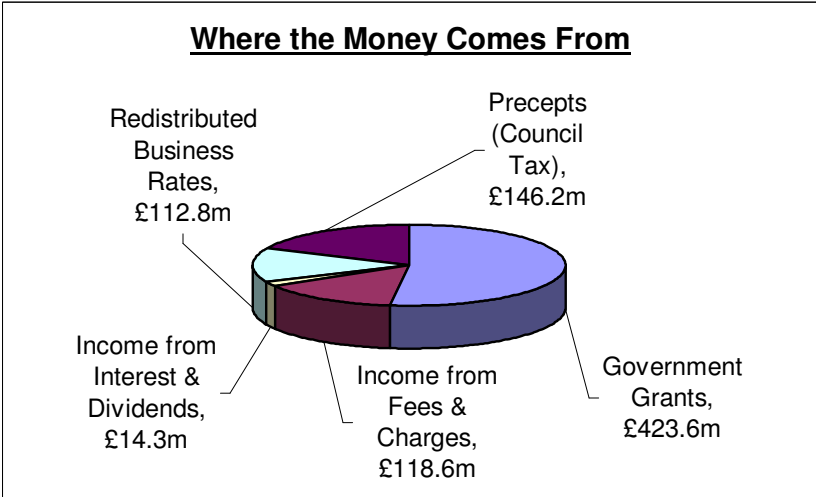
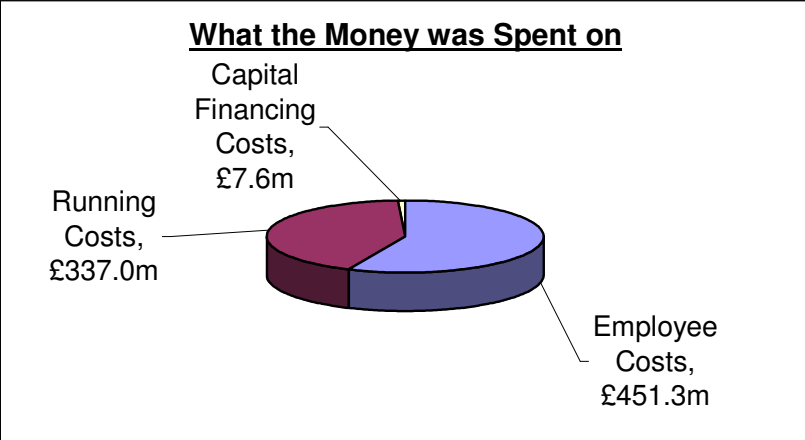
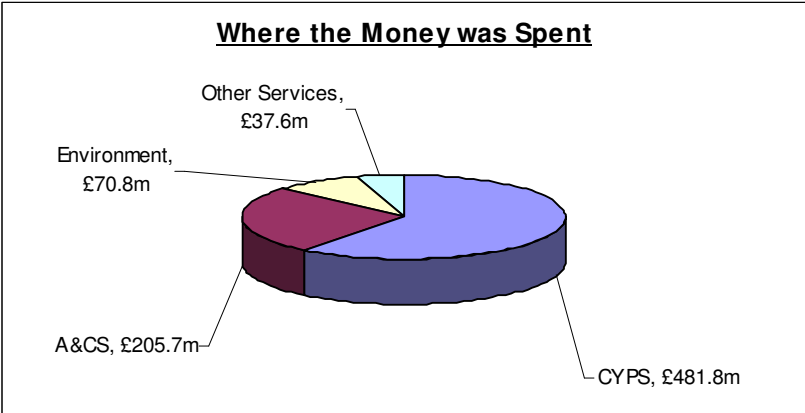


Residents were also asked their opinion of council services. Overall satisfaction with the Council was 48%. This represents a drop of four percentage points compared with the last survey in 2003, and compares with a national drop in satisfaction with councils of two percentage points over the same period.

## **Developing the budget**

The budget sets out what services the Council is planning to provide, how much they will cost and how it intends to pay for them. It takes into account how much funding the Council will receive from the Government and other sources of income and identifies how much money the Council needs to raise from the Council Tax.

The pie-charts based on 2006/07 income and spend below, give you an idea of how we spend our money and where we get it from.



Budgets are prepared each year in the light of what the Council needs to do and the amount of funding available to us. To provide slightly longer term financial planning, the Council also prepares a three-year 'Medium Term Financial Plan' which helps to inform the development of the annual budget.

## **The approach we have taken**

In developing the budget this year, our starting point was our current budget and our budget strategy, which is to keep Council Tax increases as low as possible while taking into account:

- County Council priorities;
- demographic changes and inflationary pressures;
- efficiency targets and other efficiency savings;
- Government priorities and guidelines;
- the impact of proposals on service users and Council Tax payers.

We set out a series of planning assumptions concerning:

- the level of priority the Council should give to different services;
- how much money we expected to receive from the Government and other sources;
- the impact inflation will have on our service costs;
- what we thought was a reasonable level of Council Tax increase to start planning around.

We prepared a 'base budget', which describes how much we think it will cost the Council next year to provide the same levels of service as this year.

In the light of these assumptions, we identified areas in which we believe we need to invest or spend more to meet unavoidable pressures on services or to develop and improve services further.

To balance these investments, we looked at how we could reduce costs through efficiency savings, increasing income and in some instances, cuts or reductions in service.

In all of our options, we strive to achieve greater 'value for money', ensuring that wherever possible we improve services whilst keeping costs as low as possible.

## **What we have achieved so far**

In order to meet the Council's priorities and ambitions the budget process makes us focus on savings and the amount of Council Tax we need to balance the budget. Over a number of years we have tried to protect services and keep Council Tax down. Increases in Council Tax over the last 4 years have all been below the Government target of 5%, while we have delivered efficiency savings as measured under Government guidelines (Gershon Review) of £19.1m with a further £6.5m to come in 2007/08.

## Section B – Priorities

- 1 We have carried out our annual review of priorities as part of the budget process and all investment and savings outlined in the subsequent sections reflect this analysis.

### Statement of Improvement Priorities

- 2 Our overall ambition as a Council is to continue to improve the well-being of the County's residents and we will be taking action across all Council services to improve outcomes for local people.
- 3 The Council's framework reflects the broad objectives that are included in the current Local Area Agreement, which are:
  - Narrowing the deprivation gap.
  - Improving access to services.
  - Supporting sustainable service improvements.
  - Improving public satisfaction with their local area and increasing the number of people who feel able to influence public services
- 4 Over the next three years the Council faces a number of important challenges as we move forward with the arrangements to establish a new unitary authority for County Durham and work closely with partners to develop new approaches to service delivery. During this period of transition we will continue to maintain a focus on the things that need to improve.

### Challenges

- 5 The challenges facing the County are:
  - **Demographic change** – providing services for older people and helping to keep them in their homes and be part of the local community;
  - **Community Development** – improving community engagement and the capacity of individuals and community groups to fully participate in decisions that affect their lives;
  - **Crime and Fear of Crime** – responding to public concerns about anti-social behaviour;
  - **Educational attainment and adult basic skills** – improving the levels of attainment in schools, particularly secondary schools, and adult skills for the modern labour market;
  - **Economic vulnerability and lack of employment** – addressing the need to diversify and strengthen the economy and the fact that too many people are without jobs;
  - **Environment** – tackling waste management and the need for environmental improvements in towns and villages and increasing awareness of sustainability issues;
  - **Public health and adult care** – meeting the needs of increasing numbers of people with learning disabilities and helping to tackle high levels of ill health, teenage pregnancy and obesity;

- **Inequalities** – supporting vulnerable adults and children and addressing the impact of inequality and social exclusion, including transportation and access to services and opportunities.

### **Priority Outcomes**

6 We want to make a difference to people's lives in the County. We will focus on preventative activities and early intervention in order to promote the wellbeing of all people in the County and ensure that services are provided to support and protect the most vulnerable children and adults.

7 We will set targets to improve outcomes for local people so that we have:

- Healthier communities
- Safer communities
- People enjoying, achieving and making a positive contribution
- Economic wellbeing
- Improved environment

We will also continue to ensure that we are:

- A well managed council

8 We have identified the priority outcomes where we want to see improvement and in support of these priorities the proposed areas for additional investment are:

- Vulnerable children and young people
- People with learning disabilities
- Older people to retain their independence
- The transport infrastructure and reducing the rate of decline in public transport.
- Building Schools for the Future

## **Section C – Consultation Responses**

### **Introduction**

- 1 Following the success of the 2007/08 budget consultation process, Durham County Council launched the 'Your Council...Your Say' document in November 2007. Once again, members of the public, interest groups, businesses and voluntary organisations were invited to comment on the proposed savings and investments for the 2008/09 budget summarised in the document as well as the priorities to be addressed in the budget and what level of Council Tax increase should be set. In addition the document was used to seek views about proposals for 'one-off' investments from Overview and Scrutiny Committee.
- 2 The aim of the document was to make the County Council's decision-making process more responsive, open and transparent. It contained background information on the services provided by the Council, how the budget is developed and the results of the latest residents' survey. The decisions made will impact on vital services which affect the quality of life of everyone living and working within the County. The Leader of the County Council and the Chief Executive especially welcomed feedback from children and young people, voluntary and community organisations and the County's business sector.
- 3 In response to the consultation, 133 written responses were received from individuals along with comments from various organisations and feedback from meetings with young people from the Investing in Children's Initiative, the Overview and Scrutiny Committee, the Citizen's Panel and representatives from the voluntary and business sectors. Responses and feedback is to be made available in the Members' Resource Centre.

### **Responses from DCC Website and correspondence**

- 4 This year the consultation process asked respondents to identify themselves in the following age bands: under 25, 25 to 60 and over 60. They were also asked to comment on the following:
  - Improvement Priorities – are we focussing on the right areas
  - Additional Investment – have we chosen the right areas
  - Identify how important our key services are to the individual
  - Proposals for 'one –off investments'
- 5 The comments received have been summarised in Annex C1 which records the responses in order of 'most frequently chosen'.
- 6 The Consultation exercise posed the question 'Do you agree that we have chosen the right improvement priorities?' Respondents were invited to choose 'yes' or 'no' for each priority. The most frequently chosen 'yes' was for the 'Quality of the Environment'. Comments included:

- encourage recycling initiatives
  - investing in walkways would improve general health, encourage visitors to the area as well as improving access for the disabled
  - investing in transport systems would attract additional employment to the area
  - concerns about the impact on communities if verge maintenance and winter maintenance budgets were reduced
  - investigate environmentally friendly ways to continue service provision e.g. installation of solar powered street lighting and use of timers
- 7 In response to 'Whether we had chosen the right areas for additional investment' each age group broadly supported the proposals and the initiatives which encourage older people to retain their independence scored marginally higher than other proposals. Comments on this question included:
- investment in museums and art galleries should be encouraged and concerns regarding the proposed reduction to the DLI budget were stated
  - support for building new schools was expressed
- 8 Respondents were asked to comment on how important each key service was to them as individuals. Each age group had different priorities, which are identified in Annex C1.
- 9 Responses in writing were also received and the key messages were:
- There is particular support for the County Council's priorities, especially the Quality of the Environment
  - Additional investment is supported for Older People to retain their independence and for transport infrastructure and reducing public transport decline.
- 10 In the main, responses supported a council tax increase of less than 3.9%.

### **Response from Overview and Scrutiny Committee**

- 11 The response of Overview and Scrutiny Committee is included in Annex C2, and the following themes have emerged:
- Achieving greater value for money
  - Council Tax increase below 4%
  - Concern over use of reserves in setting Council Tax
  - Support for 'one-off 'investments
  - Welcome Invest to Save principle



### **Response from Investing in Children**

- 12 The response from the consultation Investing in Children is contained in Annex C3. The general consensus appears to be that the young people do not support investment in organised youth clubs but wish to have access to unused buildings where they can play/practice their music and display their art work

### **Response from Other Consultees**

- 13 The responses of the Voluntary/Community Sector, Derwentside District Council's Scrutiny Panel for Learning and Economy, Business Sector and the Citizen's Panel are included at Annexes C4, C5 and C6.

### **Summary**

- 14 The messages from the consultation groups are, perhaps understandably diverse. However, there is broad support for the priorities of the Council and proposals for investment. Concerns have been clearly expressed about a number of proposals for savings, particularly where services are undermined and particularly where savings involve reductions in services related to the environment.
- 15 The responses received during the consultation process should be considered by Members who will need to come to a view about how much weight to give them as decisions are made on investments, savings and council tax levels.

## Responses from DCC Website – analysed by the age of respondents

Priorities	Responses	Responses	Responses
	Over 60's	25yrs - 60yrs	Under 25's
<b>Total Responses Received</b>	29 No.of 'Yes' Responses	96 No.of 'Yes' Responses	8 No.of 'Yes' Responses
Quality of the environment	24	81	6
Improving health	22	76	6
Improving educational attainment	21	76	6
Promoting economic wellbeing	21	70	5
Protecting & supporting vulnerable children	20	67	5
Protecting & supporting vulnerable adults	19	67	4

Additional Investment	Responses	Responses	Responses
	Over 60's	25yrs - 60yrs	Under 25's
<b>Total Responses Received</b>	29 No.of 'Yes' Responses	96 No.of 'Yes' Responses	8 No.of 'Yes' Responses
Older people to retain independence	25	70	6
Transport & infrastructure	24	70	5
BSF	20	61	6
Vulnerable children & young people	19	66	4
People with learning disabilities	19	60	4
Agree with suggested areas of invest.	14	43	4
Proposed council tax is reasonable	8	37	4
Agree with suggested areas of saving	6	23	2
Should council tax be lower than 3.9%	18	42	3

**Responses from DCC Website – analysed by the age of respondents  
(cont'd)**

<b>Importance of Key Services</b>	<b>Responses</b>	<b>Responses</b>	<b>Responses</b>
	<b>Over 60's</b>	<b>25yrs - 60yrs</b>	<b>Under 25's</b>
<b>Total Responses Received</b>	29 No.of 'Yes' Responses	96 No.of 'Yes' Responses	8 No.of 'Yes' Responses
<b>Adults &amp; Community Services</b>			
-Homecare for the elderly & those with learning disability	19	31	2
-Resid.& nursing care for elderly & those with learning/physical disabilities	16	26	3
-Respite care	15	19	2
-Services for elderly & those with physical disability	14	23	2
-Libraries	13	21	3
-Day care	12	14	1
-Community safety	10	26	3
-Museums & cultural events	8	17	2
-Community support	7	17	2
-Welfare rights	3	14	1
<b>Children &amp; Young Peoples Services</b>			
-Services to children with disabilities	14	16	1
-Residential Care	12	14	3
-School Improvements (tests & exams)	8	15	4
-Preventative & family support services	8	13	2
-Fostering & Adoption}	7	18	3
-Youth services	7	12	2
-Support to community associations	5	12	0
-Home to school & college transport	2	11	1
<b>Environmental Services</b>			
-Highways/Footpath maintenance	16	22	3
-Waste Disposal	16	35	2
-Public transport	14	27	4
-Street lighting	12	16	3
-Economic development & regeneration	10	23	2
-Countryside	9	29	3
-Trading standards	5	8	1
-Traffic Management	4	14	2

**DURHAM COUNTY COUNCIL  
OVERVIEW AND SCRUTINY RESPONSE**

TO:-

**“Your Council, Your Say” -  
Budget Consultation for 2008/09**



**30 November 2007**

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**Report of the Head of Overview and Scrutiny**

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**1. Introduction**

Durham County Council is the major provider of local government services in County Durham. It spends approximately £950 million annually, most of it provided through specific grants, including the Dedicated School Grant (which funds schools and some support to pupils), income and re-charges.

This year, the Council's 'budget requirement' - the amount which is met from general Government grants and the Council Tax - is £293 million.

In developing the budget for consultation this year the strategy is to keep Council Tax increases as low as possible, whilst taking into account:

- County Council Priorities
- Demographic Changes and inflationary pressures
- Efficiency targets and other efficiency savings
- Government priorities and guidelines
- The impact of proposals on service users and Council Tax payers.

The County Council aims to achieve greater “value for money”, ensuring that wherever possible it improves services whilst keeping costs as low as possible.

The Durham County Council Budget consultation document, “Your Council Your Say” (launched on 1 November 2007) lists a range of spending and investment options totalling just under £7m. The report also details options for savings, efficiency gains, income and service reductions totalling just under £7.5m. Investment and savings options are preliminary at this stage and set within the context of the County Council's improvement and investment priorities and service performance (see page 14 onwards) .

As a publicly accountable and democratically elected organisation, Durham County Council is once again consulting widely with local people in County Durham on its budget for 2008/09.

The emphasis is to ensure that residents have an early opportunity to comment on the budget with suggestions for service areas where they think the County Council should cut back and where it should invest.

The feedback from the consultation process will influence and inform the decisions the County Council needs to make, recognising that those decisions will impact on vital services which affect the quality of life of everyone in the County.

## 2. **Overview and Scrutiny Process in response to the budget consultation**

### 2.1 **Budget Briefings and Budget Working Groups**

A series of budget briefing meetings have been held to assist all members of the County Council better understand and engage with the budget setting process. Budget briefing meetings also receive information on performance and financial reporting for each quarter of the financial year.

The four Directorates (Adult and Community, Central Services, Children and Young People and Environment and Transportation) attended specially convened “Budget Working Group” meetings where they presented information on investment priorities and savings options, explaining the rationale for each. (Notes of each meeting are attached for completeness).

The Budget working group considered where savings could be made within the context of the corporate plan, our corporate priorities and our priorities for improvement. Members also reflected on services that are statutory, mainly statutory, non statutory and mainly non statutory to assist them in their deliberations regarding savings and investment.

Set out below is the response from Overview and Scrutiny members for each Service of the County Council, based on discussions at the respective budget working group meetings. This begins with an analysis of key themes emerging from the discussions.

### 2.2 **Analysis of Key Themes from Overview and Scrutiny discussions**

- Members welcome the approach taken with the budget this year in that the County Council aims to achieve greater “**value for money**”, ensuring that, wherever possible, it improves services whilst keeping costs as low as possible.
- Members welcome the effort taken to meet the Council’s priorities within the resource envelope, whilst at the same time aiming to keep **Council tax below 4.0%**.
- Members are **disappointed** with the outcome of the Governments **Comprehensive Spending Review (CSR)** in that it is likely to be

the worst allocation of funding to local government for 10 years. Members await the final settlement figures later in the year.

- Based on the outcome of CSR and other sources of funding **members welcome the planning assumption for a 3.9% increase in Council Tax** informed by rigorous financial planning that aims to make savings and deliver efficiencies, avoids cuts in our main front line services, makes the best use of grants and other sources of funding, whilst, reducing only those levels of service that have a minimal impact on the public, and which builds on the invest to save principle.
- However, Members have **concerns about the use of other sources of funding in setting a Council Tax** e.g. windfalls, Cabinet reserve and/or under spends, as these do not provide for a secure financial base in setting a budget because of their very nature. There was also a view expressed that use of the LABGI (Local Authority Business Growth Initiative) fund should be ring fenced for that purpose and not used to support the base budget.
- Members accept the areas for improvement priority and areas identified in the report for additional investment (reference page 14 Your Council Your Say). However, Members note that areas of risk exist and that the County Council may need to spend more and invest in Equal Pay and Job Evaluation, Redundancies and Waste (page 12).
- Members welcome the initial calculations of the base budget with suggestions for investment that potentially could yield **savings** of just under £7.5m next year.
- Members are totally **supportive of the additional “one off”** investment proposals listed in the consultation document and would recommend they are funded from the budget for 2007/08.
- Members recognise the **tension** between having to deliver on statutory responsibilities, **the “must do’s” and the non statutory** elements of council activity that will bear the brunt of income and service reductions.
- Members welcome the fact that **“Invest to Save”** remains the fundamental principle that the County Council uses when considering savings, income and service reductions. Members are very sympathetic to the principle of **“invest to invest”** where managed savings delivered through specific projects e.g. the example of street lighting should be ploughed back into the respective service. Members note, however, that any such approach must be in line with the **County Councils Corporate improvement priorities** and therefore any surplus may need to go back to the centre so as to reinvest across the county council.

- Once again early **engagement of members** in the budget setting process is essential. Information must come to the overview and scrutiny members as soon as possible.

### 3. **Adults and Community Services**

#### 3.1 **Summarised spending and Investment options:**

The service has identified 8 areas for investment that relate directly to protecting and supporting vulnerable adults, with investment areas that will impact on people with learning disabilities, older people to retain their independence, and vulnerable children and young people (Pages 15 and 16).

The total cost of this investment is £4.7m.

It is suggested that all the proposals will improve performance and maintain current performance.

#### **Overview and Scrutiny Recommendation:**

**Members agree in principle to the investment proposals but note the consequences such investment may have on other directorates.**

#### 3.2 **Summarised options for savings, efficiency gains, income and service reductions:**

In total, 39 areas have been identified for savings, efficiency gains, income and service reductions (pages 20 to 24).

A total of £4,671,000 savings will be made.

It is suggested that 29 of the 39 areas will maintain current performance.

Three areas will improve performance, namely the shift from residential to domiciliary care (point 17); Coming Home (point 18); and purchase of nursing care (point 22).

Seven areas will undermine performance. These relate to review of research support services (24); social inclusion staffing (25); planning and performance services budget (26); training budgets (28); DLI museum and Durham Art Gallery review (35); Information and Community Development review (37); and review of CREATE (39).

The total amount of savings proposed is approximately £3.05m.

**Overview and Scrutiny Recommendation:**

**Members welcome the approach in moving from a culture of dependency to a culture of independence.**

**Members will want to receive information on the effect on our performance in those areas that will be undermined because of efficiency savings as listed above.**

**4. Children and Young Peoples Services**

**4.1 Summarised spending and Investment options:**

The service has identified 6 areas for investment that relate directly to protecting and supporting vulnerable children and young people and improved educational attainment. (Pages 17 and 18).

The total cost of this investment is £556 000.

It is suggested that all the proposals will improve performance.

Members, overall, are satisfied with these proposals. However, they remain concerned that yet again no investment funding has been identified for “Family Learning” opportunities.

**Overview and Scrutiny Recommendation:**

**Members suggest that Family Learning be identified as an area of investment in the budget.**

**Members note that Family Learning is in line with the County Councils improvement priority of protecting and supporting vulnerable adults and its investment priority for vulnerable children and young people.**

**4.2 Summarised options for savings, efficiency gains, income and service reductions:**

The service has identified 24 areas for savings (pages 24 and 25).

It is suggested that there will be little or no impact, as all the proposals maintain current performance.

The total amount of savings proposed is approximately £2.2m.

**Overview and Scrutiny Recommendation:**

**Members note the options for savings, efficiency gains, income and service reductions.**



## 5. Environment Service Budget Working

### 5.1 Summarised spending and investment options:

The service has identified 4 areas for investment that relate directly to promoting economic well being and protecting the environment.

Two of the 4 proposals are identified as areas for additional investment in relation to the transport infrastructure and reducing the rate of decline in public transport priority area.

The total cost of this investment is approximately £1.6m (Pages 18 and 19).

It is suggested that all the proposals will maintain current performance.

#### **Overview and Scrutiny Recommendation:**

**Members agree in principle to the areas identified as investment proposals.**

### 5.2 Summarised options for savings, efficiency gains, income and service reductions:

The service has identified 23 areas for savings, efficiency gains, and income and service reductions (Pages 26 and 27).

It is suggested that in 12 areas current performance will be maintained. In 11 areas performance will be undermined.

The total amount of savings proposed is approximately £1.28m.

Some Members have raised concerns about the impact that the following proposals will have on communities:

- Community Highway Workers (£76,000)
- Grass cutting on highway verges (£100,000)
- Weed spraying (£85,000)
- Lightning column replacement programme (£62,000)
- Street lighting painting programme (£70,000) and
- Winter maintenance (£200,000). Members note that the reduction in winter maintenance would involve the removal of three routes.

#### **Overview and Scrutiny Recommendation:**

**Members agree that the following service areas should receive continued investment as these services impact on the community as a whole namely:-**

- Community Highway Workers (£76,000)
- Grass cutting on highway verges (£100,000)
- Weed spraying (£85,000)
- Lightning column replacement programme (£62,000)
- Street lighting painting programme (£70,000)
- Winter maintenance (£200,000).

**Members will want to receive information on the effect on our performance in those areas that will be undermined because of efficiency savings as identified in Your council Your Say.**

6. **Central Services (Chief Executives Office, Treasurers and Corporate Services) Budget Working Group 20 September 2007**

6.1 **Summarised spending and Investment options:**

There are no proposals for spending or investment.

6.2 **Summarised options for savings, efficiency gains, income and service reductions:**

a) **Chief Executives Office:-**

The department has identified 4 areas for savings, efficiency gains, and income and service reductions (Page 28).

It is suggested that there will be little to no impact as all the proposals maintain current performance.

The total amount of savings proposed is approximately £127,500.

b) **Corporate Services:-**

The department has identified 9 areas for savings, efficiency gains, and income and service reductions (Pages 28 and 29).

It is suggested that there will be little to no impact as all the proposals maintain current performance.

The total amount of savings proposed is approximately £342,500.

c) **County Treasurer's:-**

The department has identified 7 areas for savings, efficiency gains, income and service reductions (Page 29).

It is suggested that there will be little to no impact as all the proposals maintain current performance.

The total amount of savings proposed is approximately £445,000.

**Overview and Scrutiny Recommendation:**

**Members specifically recommend not cutting the repairs and maintenance budget (point 96 Your Council Your Say - £100,000) as this budget continues to support essential work on our estate.**

**Members request that the opportunities to operate the Printing and Design Service as an income generating venture with options to partner with the private sector be explored.**

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**DURHAM COUNTY COUNCIL  
OVERVIEW AND SCRUTINY RESPONSE TO:-  
“Your Council, Your Say” -  
Budget Consultation for 2008/09**

Additional Information:

At the special Overview and Scrutiny Committee (OSC) meeting this week (Monday 28 January), convened to look at the Budget 2008/09 incorporating the MTFP 2008/09 – 2010/11, Overview and Scrutiny (OS) members asked that Cabinet also consider the following issues as part of the OS response to the Budget:

1. In welcoming the additional investment in:
  - Youth Services (500K),
  - Environment (500K),
  - Community Centres (350K),

Members asked for a breakdown on what the money will be spent on so that they could see what the areas of investment are.

2. In relation to Community Centres, OS members would like to remind Cabinet, that the OS report on Community Buildings (Aug 07) made a number of important recommendations about our buildings (County Council owned buildings) and the capacity within them to support a flourishing community.

A key recommendation in the report related to the lack of a policy / strategy for our Community Buildings recognising the need to ensure that our investment priorities are in line with our strategic approach in support of our communities. Furthermore that government’s agenda is supportive of community ownership of assets (also reflected in the report) requiring further investment in capacity building and infrastructure of our community buildings to enable potential transfer of a “healthy” asset.

3. Members note the settlement with the 460K reduction. OS members suggest that this reduction is funded out of our contingency funds.
4. In the OS response to the Budget “Your Council Your Say”, Annex C2, members made reference to a 3.9 % Council Tax. OS welcome the Budget proposal for 2.9 % Council Tax increase for 2008/09.

**Your Council ..... Your Say. Budget Consultation 2008 – 9**

**Notes from a meeting at Investing in Children on 12<sup>th</sup> November 2007**

1. Seventeen young people met with representatives from the County Treasurers and Children and Young People's Service. The meeting was facilitated by Investing in Children.
2. The key points from the consultation document: Your Council ..... Your Say, was presented and some details about children and young people's services was given. Six priority areas are on page 10.
3. Inflation and reasons for tax increases were explained . Cost depending on need e.g. more elderly / learning disabilities, then more money needed to cover those services.
4. The young people then discussed areas where they believed there was need for further investment.
  - **Things to do, places to go.** The group noted that by far the most popular suggestion from the residents satisfaction survey (p7) was activities for teenagers. However, there didn't seem to be anything spending plans on this.

The young people thought that this needs to be thought through carefully. Nobody in the group attends a youth club – the main issue being that they didn't want to be organised, or have adults tell them what to do, or be taught outside of school

The young people would far prefer unregulated space, where they could meet and socialise. At present, mostly this happens on the streets.

There was general agreement that more facilities to play/listen to music would be well used.

The young people felt extended school only met some people's needs and only some times.

Young people wanted places to play music (practice and do gigs). They felt unused buildings could be better used. They also felt a place for young people to display Art work in a gallery would be good.

- **Transport.** There was general agreement that an efficient and cheap public transport system would make a huge difference to young people, allowing them to escape the villages/towns in which they live, and access services not available locally.

Young people wanted the freedom to do what they want whilst feeling safe.

The group agreed to meet again, to consider whether they wanted to make a more detailed response to the budget, with some more specific proposals. Tabatha will facilitate this, before Christmas

13/11/07

## Comments from Voluntary/Community Sector

### Notes from DCC Budget Consultation 30<sup>th</sup> November 2007

Key issues from group discussion:

- Need to make DCC website accessible for people who are blind.
- Support for people with sensory impairments to access DCC services.
- Insufficient services for people who are deaf (quote from group member 40% of deaf community suffer from mental health issues).

Prioritisation Group 1 – below are the identified group priorities from the summarised spending and investment options. (Section 4.1 of DCC budget consultation)

Title	Recommended Caveat
University Allowances.	
Ageing population – additional capacity	
Improving day services.	
Supporting older people (over 65) who care for people with learning disabilities.	
Criminal Records Bureau checks.	
Supporting people with learning disabilities.	
“Supporting people” loss of income	
Transport for looked after children to contact visits and school.	
National minimum fostering allowance.	
Reduction in grants	
Inflation in highways and civil engineering costs	
Supporting people with learning disabilities leaving school.	
Learning disabilities – external care pressures.	
Building schools for the future.	
Landfill Tax	Need to encourage more recycling,
Minerals and waste development framework.	
Public transport inflation.	Funding needs to be utilised and managed more effectively to develop community transport initiatives.
Direct payments	

\*\* Future development and focus of sensory impairment services within County Durham identified as a key issue.

Comments from consultation on summarised options for savings (Section 4.2)

<b>Name</b>	<b>Discussion Area</b>
1. In house home care service.	Demand for support deaf community.
4. Home care shopping	How effective is this service for blind community?
6. Service Level Agreements (Learning Disabilities Commissioning)	Value for money, any cuts would have a detrimental effect on voluntary community sector and individuals with a learning disability.
12. Handyperson Service Level Agreement	Key service which benefits vulnerable people
15. Learning Disability – Care Package Review	Awareness of voluntary sector support in providing care package and local provision is a critical issue.
16. Extended Hired Transport Review	Recommend development of dial a ride rural service.
19. Mental Health Day Service provider.	More support is required for residents from the deaf community.
25 Social Inclusion	Need to develop better ways of working so a coordinated approach can be developed.
26. Planning and performance Services budget	Consider developing training for DCC staff on sensory impairment issues.
37. Information and community development	Information needs to be produced in brail, British sign language and cassette only.

#### **Other issues identified from exercise**

- The development of a Sensory Alliance in County Durham would prove useful.
- All consultation materials need to be circulated in good time prior to any community engagement event.



## Prioritisation Exercise 2

The group identified that the following projects would benefit most from “one off” investment proposals. (Section 4.3)

<b>Now</b>	<b>Future</b>	<b>Not at all</b>
Heritage Coast £80,000	Post 16 Learning £60,000	Prevention of domestic abuse £100,000
IT Compact Centres £30,000	Academic Mentoring £20,000	Funding for Parish paths partnership. £40,000
	E Learning Pilot	Legal Costs £50,000

### **Key discussions exercise prioritisation exercise 2.**

- Post 16 learning – funding only provided for one year. How will this effect student’s undertaking a two year course?
- Prevention of domestic abuse – should be a statutory obligation from staff development budget.
- Parish paths – better street lighting would be preferred
- Environment Legal Costs – funding can be allocated more effectively to benefit the community.

### **Other issues identified from exercise**

- The development of a Sensory Alliance in County Durham would prove useful.
- All consultation materials need to be circulated in good time prior to any community engagement event.
- The signer needs to receive appropriate information prior to community engagement event.

## Notes on 2008/09 Budget Consultation

Derwentside Scrutiny Panel for Learning and Economy

Issues raised

- Concerned by winter maintenance cuts and the environmental savings (numbers 71 –77 in the Your Council...Your Say document) plus number 96, repairs and maintenance, which undermined performance.
- Asked if there was any money added to improve Bus Transport
- Concerns over impact on staffing.
- Concerned at more items undermining rather than improving performance
- Against cuts on school patrol crossings and weed spraying
- Felt document did not highlight the unfunded inflationary pressures impacting Councils.

Meeting with Business Sector

Only two attendees

Issues raised:

- Concern about costs of Unitary
- Needs greater focus on Black and Minority Ethnic (BME) groups
- Rurality as an issue not covered by the document
- Concerns over the funding of economic development
- Business struggling with Changes to ONE and Business link
- Would like seed funding proposals
- Economic strategy should be sub regional and sectoral
- We should focus our spend locally
- Education important to Business sector
- Would like a small initiatives fund
- Important to grow businesses and jobs – links to education and transport noted
- Quality of town centres is a problem
- Make Durham more attractive to encourage investment
- Council tax should be at least inflation
- Stability for funding for voluntary and community sector

## **Comments from Citizens Panel Meeting - 5<sup>th</sup> December 2007**

### **Investments**

The Panel would have liked more information about services, proposals and funding before coming to views. However, although there was no investment proposals that received significant objection apart from Landfill Tax and extra inflation on Contracts, some of the Group felt that quality care should be provided for the elderly even if it cost more.

### **Savings**

With regard to savings, concern was expressed about further cuts in the winter maintenance budget and environmental issues generally, although it was suggested that grass cutting on highways should be reduced. In general however there was support for projects which lead to increased efficiency and focus on 'wasted' expenditure.

Overall, there was support for Chief Officers' proposals particularly where they maintained service provision.

### **Council tax Increase**

The majority of the Panel felt that council tax increases should be less than 3.9%.

The Citizens Panel completed the following form from the Your Council...Your Say consultation document and the results are shown overleaf.

**5.3 From the following list of our key services, please indicate how important each of the services is to you by ticking the appropriate box**

Service	Very important	Important	Less Important	Not important	Don't know	Not ticked
<b>Adults and Community Services – Budget £205m</b>						
Museums and Cultural Events	3	5	12	2	0	1
Libraries	8	10	3	1	0	1
Services for older people and those with physical disability including:-	3	10	1	0	0	9
Residential and nursing care for older people and those with physical and or learning disabilities	8	10	3	0	0	2
Home care for older people and those with physical disability	8	8	7	0	0	0
Respite care for older people and those with physical and or learning disabilities	7	10	6	0	0	0
Welfare Rights	4	6	10	2	0	1
Community Safety	5	8	8	1	0	1
Community Support	7	9	6	0	0	1
Day Care for older people and those with physical and or learning disabilities	6	9	6	1	0	1
<b>Children's' &amp; Young People's Services – Budget £205m (excluding schools)</b>						
Residential Care	3	11	5	3	0	1
Fostering and Adoption	10	6	5	2	0	0
School Improvement (tests and exams)	8	7	5	3	0	0
Services to children with disability	6	8	7	1	0	1
Preventative and family support services	6	8	8	1	0	0
Home to School and College transport	2	7	11	3	0	0
Support to Community Associations	5	4	9	5	0	0
Youth Services	7	7	5	2	1	1
<b>Environment Services– Budget £71m</b>						
Highways and Footpath maintenance	3	14	5	0	0	1
Street Lighting	0	16	6	1	0	0
Public Transport	6	6	8	2	0	1
Traffic Management - accident investigation and prevention, Road Safety and Safer Routes to Schools	3	13	5	1	0	1
Countryside – Country Park and Picnic Site maintenance. Rights of Way, cycleway and bridleway maintenance	5	6	10	1	0	1
Waste Disposal	11	8	4	0	0	0
Trading Standards	3	9	9	1	1	0
Economic Development and Regeneration	6	13	3	1	0	0

## Citizens Panel – 24<sup>th</sup> January 2008

The Panel were asked for their views on the budget and the changes that had happened since their last meeting in December. The views of the Citizens Panel are important and were fed back to Cabinet when they considered their budget recommendations for the County Council.

Individual panel members completed the attached document and a summary of their responses is attached.

The Panel were broadly supportive of the approach that has been taken to the budget process, including the amendments to the detail that had been consulted upon, as the changes had taken into account the responses to the consultation document 'Your Council, Your Say'.

The Panel supported:

- the lower increase in council tax – 2.9%
- the removal of savings that undermined the County Council's performance
- the additional investment in the areas suggested

The Panel had concerns however:

- the additional costs of LGR – in particular, spending on training for elected Members
- the additional investment in the Youth Service – what plans were in place for this?
- the additional investment in Environment – would such a small amount make any difference at all?

The Panel also discussed LGR, in particular:

- were the District Councils changing in 2008/09?
- where were the savings coming from?
- was council tax to be equalised to the lowest in the County area?
- will the District Council's headquarters be sold?
- will there be a reduction in the number of Councillors?

The Panel were thanked for their attendance and input into the budget consultation process, asked to feedback any comments on the process and were asked if they were interested in participating in next year's budget consultation.

## Citizens Panel – 24<sup>th</sup> January 2008

### Feedback on Proposals

The County Council has received its Grant Settlement from Government. This was £11.1m more than last year, which is £7.6m more than had been estimated in the 'Your Council, Your Say' document.

£1m of this extra resource has been used to cover unavoidable changes to the base budget, and the rest has been allocated to the following areas.

In the table below, please tick the appropriate boxes to let us have your views on the County Council's proposals

	£m	Yes	No
1. Do you agree with lowering the increase in council tax to 2.9%?	1.50	✓	
2. Do you agree to the removal of savings that undermine the County Council's service delivery?	1.05	✓	
3. Do you agree with additional investment in:			
<b>CYPS -</b>			
Youth Service	0.50	✓	
Legal fees	0.25	✓	
Direct Payments	0.14	✓	
Community Centres	0.35	✓	
<b>Environment -</b>			
Roads and Footways maintenance	0.50	✓	
<b>Adults and Community Services -</b>			
Reversal of Savings –			
Supported Housing	0.20	✓	
In-house provider	0.07	✓	
<b>Other areas -</b>			
Costs associated with Local Government Review	2.0	✓	
4. Are you broadly supportive of the approach that has been taken?		✓	

<p>5. Are there any suggestions or comments you would like to make?</p>	<ul style="list-style-type: none"><li>• Maybe a little less on saving and more on roads</li><li>• Supported housing needs more funding, i.e staff to work longer hours in the care home.</li><li>• With regards to unitary authority, good to get panel involved in what is going to happen.</li><li>• I would like to see additional funding directed towards activities for young people, particularly teenagers and on tackling anti-social behaviour. Both issues seem to be of high priority to County Durham residents and are clearly linked.</li><li>• Community Centres – too many! – use of - to make use of money wisely.</li></ul>
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**8 out of 12 questionnaires completed.**

## Section D – The Local Government Finance Settlement for 2008/09

- 1 For the first time, the Minister of State for Local Government (John Healey) announced a three-year finance settlement which incorporated the Government's decisions following the review of the formula grant distribution system and the consultation carried out over the summer.
- 2 Members may need to have regard to the Minister's statement that the Government expects to see average council tax increases in England in 2008/09 substantially below 5%.
- 3 The key elements of the final three-year settlement are:
  - **Formula Grant 2008/09 £161.507m** - This is a cash increase of £20.889m over 2007/08 or 14.9%. When 2007/08 has been adjusted to reflect changes in specific grants this results in an increase of £10.812m or 7.2%. This is the figure that will be used by Communities and Local Government (CLG).
  - The average increase in formula grant for Counties without Fire responsibilities is 5.2%.
  - The County Council's contribution towards the floor to support other Shire Counties is £15.844m.
  - **Formula Grant 2009/10 £169.122m** - This is a cash increase of £7.615m over 2008/09 or 4.7%. When 2008/09 has been adjusted to reflect changes in specific grants this shows an increase of £7.726m or 4.8%.
  - The average increase in formula grant for Counties without Fire responsibilities is 4.2%.
  - The County Council's contribution towards the floor to support other Shire Counties is £13.333m.
  - **Formula Grant 2010/11 £175.986m** - This is a cash increase of £6.864m over 2007/08 or 4.0%. When 2009/10 has been adjusted to reflect changes in specific grants this shows an increase of £6.926m or 4.1%.
  - The average increase in formula grant for Counties without Fire responsibilities is 4.1%.
  - The County Council's contribution towards the floor to support other Shire Counties is £11.132m.
  - A number of specific grants have transferred to within Revenue Support Grant (RSG) from 2008/09 including:
    - Children's Services
    - Delayed Discharges
    - Access and Systems Capacity
    - Waste Performance and Efficiency



- The settlement provides details of the new Area Based Grant (ABG) mentioned in the 2007 Comprehensive Spending Review which combines a number of former specific and special grants. The County Council's allocation of ABG for 2008/09 is £27.380m, compared to funding received in 2007/08 of £21.817m. A guidance note on the treatment of ABG is awaited, but it is understood that it will be treated as a general grant. A separate section on ABG is included in this report.
  - There is a new ring-fenced grant for social care reform of £82m nationally for 2008/09. The County Council will receive £0.966m.
  - From 2009/10 Supporting People grant will be included in ABG.
- 4 The Settlement is particularly difficult for Shire Districts. In County Durham only 3 of the District Councils will receive formula grant increases marginally above the 1% grant floor for 2008/09 and only 2 districts will receive grant increases above the 0.5% grant floor for 2009/10 and 2010/11.
- 5 **Dedicated Schools Grant (DSG)** – Most schools funding will come in the form of the ring-fenced DSG. Indicative allocations are:
- 2008/09 – £279.428m, a year-on-year increase of 3.0%. The minimum increase in an authority's per pupil DSG will be 3.9% in cash terms.
  - 2009/10 - £281.144m, a year-on-year increase of 2.1%. The minimum increase in an authority's per pupil DSG will be 3.3% in cash terms.
  - 2010/11 - £290.645m, a year-on-year increase of 3.4%. The minimum increase in an authority's per pupil DSG will be 4.1% in cash terms.
  - DSG is allocated predominantly on the basis of pupil numbers, however the falling pupil numbers in the County leads to a best estimate of £273.546m for 2008/09, almost £2m less than the indicative allocation. Representations are being made to the Department for Children, Schools and Families (DCSF) on this issue.

## **Section E – Area Based Grant**

- 1 Government has significantly increased local authorities' flexibility over the use of their mainstream resources, during the forthcoming Comprehensive Spending Review (CSR) period. This has been achieved by transferring a number of previously ringfenced grants into the new Area Based Grant (ABG) and transferring some into Revenue Support Grant (RSG), both of which are non-ringfenced general grants. This move minimises the barriers to local authorities for using their mainstream resources to support Local Area Agreement (LAA) priorities where they wish to do so.
- 2 Local Authorities are free to use their non-ringfenced ABG as they see fit to support the delivery of local, regional and national priorities in their areas, including the achievement of LAA targets.
- 3 Government Departments are however issuing circulars for many of the funding streams indicating the purpose of the funding.
- 4 ABG will be paid direct from Central Government to the district councils as well as the County Council from April 2008. Included in the County Council's ABG allocation are Connexions Grant, Local Enterprise Growth Initiative Grant (LEGI) and the Safer Stronger Communities Grant (SSC). LEGI and SSC grants were previously passported fully to LAA partners via the LAA grant. Prior to inclusion in ABG from April 2008 Connexions grant was allocated to Connexions from the Department for Children, Schools and Families (DCSF).

## **Local Area Agreement**

- 5 The County Durham LAA is an agreement between LAA partners in County Durham and Central Government. Its aim is to improve services and increase economic prosperity for local people and make a difference across the County, particularly in the most deprived areas. Priorities are agreed between all the main public sector agencies working in the area and with Central Government.
- 6 The new LAAs from April 2008 are to include 'up to 35' indicators drawn from the new national indicator set of 198 indicators. In addition to the 'up to 35', there are also 16 statutory education and early years indicators. Additional local indicators can be included in the County Durham LAA. These targets should help drive improvements to local services and the local economy, ensuring stronger ownership of the LAA by all partners.
- 7 The Community and Voluntary Sector (CVS) contribute towards the achievement of LAA targets. A report was presented to the Partnership Board in December which outlined the financial pressures facing the sector in the forthcoming years. It is estimated that there will be a shortfall of approximately £750,000 in funding available to the CVS Infrastructure Bodies (e.g. CVS and One Voice) in 2008/09. The

Partnership Board are eager to assist with alleviating these financial pressures where they are able to do so via funds available for the LAA.

### **Relationship of ABG with LAA grant**

- 8 In 2005/06 the LAA grant was introduced by Government, and a number of specific grant funding streams were pooled and allocated as a single grant to upper tier authorities for the purposes of supporting the achievement of LAA targets.
- 9 Unlike LAA grant, which was allocated for the purposes of supporting the achievement of LAA targets, ABG will be a non-ringfenced general grant. ABG builds on the successes of LAA grant by increasing local flexibility over the use of resources, and further reducing onerous reporting requirements. LAA partners will still be responsible for working towards delivering against the National Indicator Set and their LAA targets. These changes provide an opportunity during 2008/09 for organisations to fully examine and challenge existing projects and use of resources against the priorities and outcomes agreed by LAA partners.

### **Funding streams and allocations**

- 10 **Annex E1** summarises the individual grant funding streams included in the ABG and what they are intended to support.
- 11 **Annex E2** details the 3 year ABG allocations payable to the County Council.

### **Options for ABG**

- 12 There are a number of options which can be considered for managing the use of ABG, but the Council in conjunction with the LAA has agreed:
  - a) to passport Connexions, LEGI & SSC funding to the relevant LAA partners to achieve priority outcomes.
  - b) to top slice £100,000 of the ABG (excluding Connexions, LEGI and SSC) to be available to the Partnership Board to help alleviate the financial pressures faced by the VCS Infrastructure Bodies with the balance of the grant being allocated across County Council Services.

## **2008/09 Area Based Grant – Adult and Community Services funding streams**

**Adult Social Care Workforce** - £1,084,609 2007/08 (£1,554,786 08/09) – The main purpose of this funding is to support workforce development in adult social care workforce in the statutory, private and voluntary sectors.

**Carers Grant** - £2,054,000 07/08 (£2,488,594 2008/09) –The main purpose of the grant is to:

- Enhance provision of community care and children’s services to allow carers to take a break from caring by simulating greater diversity of provision
- stimulate a greater awareness by authorities of the need for services in their area to be more responsive to the needs of carers; and
- provide carers with services other than breaks, in keeping with the 2001 Carers and Disabled Persons Act.

20% of the grant is intended for children’s services to support families of disabled children and young carers. The remaining 80% is intended for adult services

**Learning Disability Development Fund** – 2007/08 £488,000 (£543,736 08/09) – This funding was created to support local implementation of the agenda set out in the learning disability white paper, Valuing People (2001), and until 2007/08 has been allocated to PCTs for local learning disability partnership boards to determine its allocation. In recognition of the lead role of local authorities on learning disabilities, the funding will be provided directly to local authorities in delivering the key outcomes for people with learning disabilities. This funding is also linked to Partnership arrangements, the LDDF annual expenditure plans are approved by the Learning Disability Partnership.

**Local Involvement Networks** - £10,000 07/08 (£255,755 2008/09) – The County Council have a new statutory responsibility and have a duty to make contractual arrangements for the involvement of people in the commissioning provision and scrutiny of health services and social care services – i.e. to establish local involvement networks (LINKs).

**Mental Capacity Act and Independent Mental Capacity Advocacy (IMCA) Service Allocation: £178,000 07/08** – (£283,763 2008/09) The purpose of this funding is to:

- Allocate resources for training - a large number of staff are to be trained , not just ACS staff, we are also responsible for implementation Networks to co-ordinate the awareness raising and training of all statutory voluntary and independent sector staff in our geographical area. This includes all relevant staff in housing, other local authority departments and NHS staff in our local area.
- Allocate resources for commissioning the advocacy service - to facilitate the creation of a new statutory service (IMCA), its purpose

being to help vulnerable people who lack capacity who are facing important decisions made by the NHS and Local Authorities about serious medical treatment and changes of residence. Authorities have a duty under the Act to instruct and consult the IMCA in decisions involving people who have no family or friends. The Mental Capacity Act requires the commissioning of the IMCA service by the CSSR's . The service needs to be independent of both CSSRs and local health providers.

- Allocate resources for increased social care costs - extra resources available to meet demand of additional meetings, assessments , case conferences etc required under the Act.
- To provide an opportunity to maintain and extend the work of existing local Mental Capacity Act implementation networks. These networks will be most effective if they work closely with representatives of care homes, hospitals and PCTs.'

**Mental Health** £1,426,000 2007/08 (£1,734,220 08/09) – Resources provided by this funding stream are designed to assist local authorities in developments to support implementation of Mental Health National Service Framework standards and other Mental Health service developments. Such investments will augment existing Mental Health expenditure.

**Preserved Rights** - £2,098,000 2007/08 (£1,967,197 2008/09) – Section 50(1) of the Health and Social Care Act 2001, which came into effect on 8 April 2002, sets out that local authorities are responsible for providing residential accommodation to persons ordinarily resident in their area who were previously in relevant accommodation with Preserved Rights to higher rates of Income Support. The Preserved Rights Grant is paid to local authorities to help them discharge these responsibilities. Preserved Rights resources are allocated to individual local authorities pro rata to the numbers of former Preserved Rights residents which each authority indicated that they supported in September 2002, multiplied by the area cost adjustment. Allocations are estimated separately for older and for younger residents.

**Supporting People Admin** - £420,406 07/08 (£399,386 2008/09) – This grant is used to support a team of 9 staff to the sum of £323,469 in 2007/08 and with the remainder of the grant spent on premises, transport and supplies and services.

## **2008/09 Area Based Grant – Children and Young People’s Service funding streams**

**14-19 flexible funding pot** comprised of £247,828 for 2007/08 (£143,565 2008/09) and was used to build and sustain the administrative and logistical capacity needed for local areas to begin the roll out of specialised diplomas from 2008. The fund also ensured that the necessary systems to support choice, diversity and collaboration were in place, including; delivering area prospectuses, developing common timetables, and dealing with the logistical challenges arising from collaboration. Approximately 47% of the grant was used to fund staff.

**Care Matters White Paper** – new fund (£256,551 2008/09). There has been no guidance forthcoming from the DCSF at present. However, the Care Matters White Paper relates to children in care and improving their outcomes. This focuses on a number of areas; Corporate Parenting: getting it right, Family and parenting support, Care placements: A better experience for everyone, Delivering a First Class Education, Promoting Health and Well Being, Making the transition to adulthood.

**Carers Grant** - £2,054,000 2007/08 (£2,488,594 2008/09) –

Childrens element of this £327,600 2007/08 (£358,919 2008/09) - To enhance provision of community care and children’s services to allow carers to take a break from caring by stimulating greater diversity of provision. To stimulate a greater awareness by authorities of the need for services in their area to be more responsive to the needs of carers and to provide carers with services other than breaks, in keeping with the 2001 Carers and Disabled Persons Act. It is used on services for carers through Service Level Contracts, respite, holiday playschemes. An additional £55,600 was received in 2007/8 for emergency respite care, the additional funding is being used to develop SLAs with DISC and Barnardos to support young carers.

**Child and Adolescent Mental Health Services** grant comprised of £713,000 for 2007/08 (£809,325 2008/09) and was used to improve CAMH services, in accordance with the local needs and priorities set out in the CAMHS Development Strategy. £51,130 is used for foster care and psychological services (SLA). The grant funds three social work staff. DCC retain £174k in 2007/08 as agreed by the CAMHS partnership. A balance of £539k is passed to the PCT who administer the finance for the CAMHS Strategy.

**Child Death Review Process** – new fund £62,792 2008/09. There has been no guidance forthcoming from the DCSF at present.

**The Children’s Fund** comprised of £1,492,457 for 2007/08 (£1,492,457 2008/09) and has the following specific objectives; to achieve improved educational performance among 5-13-year-olds; to ensure fewer young people aged 10-13 commit crime and fewer children aged 5-13 are victims of crime; to reduce child health inequalities; to ensure children, young people and their families feel the services are accessible; to develop services which are experienced as effective; to involve families in building the community's capacity to sustain the programme and thereby create pathways out of poverty.

The Children's Fund pays for 17 permanent CDYES staff and 10 temporary CDYES staff (temporary staff are contracted to 31 March 2008). It also contributes £28,955 towards management/infrastructure to CDYES and £37,371 towards premises costs. A permanent Principal Accountancy Assistant is also sourced through the Children's Fund (CYPS) as is a re-grading from PO12 to PO14 for the Children's Fund Manager, to manage the strategic direction of the fund (£2,240 with on-costs). £2,000 is also contributed to Connexions for the use of accommodation. Non-staff funding of £858,929 is also distributed across the districts.

**The Children's Social Care Workforce Grant** - (£158,601 2008/09) the element from HRDS comprised of £157,950 for 2007/08 and was spent on training and development of social care staff. Approximately 61% was allocated for staff training and HR development. Agreed CYPS share of the grant following the split of Adults/Childrens Services.

The element which was formerly NTS comprised of £341,441 and was used to support workforce planning and the National Minimum Dataset. Approximately 61% was allocated for staff training and HR development. Agreed CYPS share of the grant following the split of Adults/Childrens Services.

**Choice Advisors** grant consisted of £50,018 for 2007/08 (£54,975 2008/09) was used to set up a Choice Advice Service to advise and assist parents of children in their area who are in the process of deciding which secondary school they wish to send their children to (a specific duty on LAs placed by the Education and Inspections Bill 2006). The grant funds two Choice Advisors.

**Connexions** - £4,945,728 2007/08 (£4,956,762 2008/09)- Funding is used to assist young people in finding suitable employment, or education, training to prepare for employment, both on leaving compulsory learning, and those post school who leave post 16 learning; to support curriculum and staff development in careers work to help schools meet their statutory requirements; to provide services which will encourage, enable or assist effective participation by young people in education or training and to carry out Section 140 Assessments. In addition to this Connexions operate a client caseload information system; liaise with DWP on Benefits and provide young people with information about sources of financial support including Education Maintenance Allowances and 'Care to Learn' Staffing is 164 individuals employed using Connexions grant funding, which equates to 145.7 FTE.

**Education Health Partnerships** grant consisted of £170,875 for 2007/08 (£170,875 2008/09) and was used to enable local healthy schools programmes to complete their local healthy schools Headline Plans, to be signed off by Directors of Public Health and Children's Services. In line with National Targets it is anticipated that at least 75% of Schools engaged with the Programme will have achieved Healthy School status by December 2009. Approximately one third of the grant funds employees. The rest is used for supplies and services and is devolved to schools and paid to County Durham PCT.

**Extended Rights to Free Transport** grant comprised of £31,612 for 2007/08 (£259,455 2008/09) and was used to meet the additional expenditure pressure on LA's resulting from extended rights to free travel arrangements for children aged 8 -10, from low income families, to have travel arrangements made where they live more than 2 miles from their nearest qualifying school. The grant funds two part-time staff.

**Extended Schools Start Up Costs** grant comprised of £653,530 2007/08 (£905,339 2008/09) and was used to support schools, by providing access to a core set of extended services, in raising standards of pupil motivation, aspiration, achievement and behaviour and contributing to a wide range of other Government targets including childcare, children's services, community cohesion, neighbourhood renewal, adult learning, combating child poverty, health inequalities and crime reduction. The funding should support schools to develop sustainable extended services and to overcome barriers that may prevent them from developing extended services. All of the funding is devolved to schools.

**Positive Activities for Young People (PAYP)** is a grant of £479,031 2007/08 (£479,031 2008/09) and is delivered by County Durham Youth Engagement Service (CDYES) as lead delivery agent (LDA) in partnership with: Connexions County Durham, DCC Education in the Community and Durham Constabulary. PAYP is a targeted youth crime prevention programme. It works with young people aged between 8 - 19 years who are most at risk of committing crime or anti social behaviour and those young people at risk of social exclusion. PAYP is a year - round programme , providing participating young people a range of diversionary /developmental activity during all school holiday periods, delivered across the county through the COSIP (coordination of social inclusion programmes) partnership structure and also forms part of the comprehensive Youth Crime Prevention Strategy.

PAYP is delivered across the County under 4 strands. 1. Key workers who work with an identified case load. 2. Activity budget. 3 Behaviour Improvement Plan (BIP) 4. U/Project targets year 11 school leavers at risk of being NEET. (refer to attached delivery plan for information) PAYP is monitored using the national PAYP MIS system which records young people detail and participation, activity type, number of hours of engagement and specific outcomes.

**Primary Strategy Central Co-ordination** of £302,498 2007/08 (£295,219 2008/09) is used for the central co-ordinator of the Primary School Strategy and the employment of Primary Consultants and the delivery of training courses with the objective of supporting the delivery of the Primary National Strategy and to raise educational attainment at Foundation stage

**School Development Grant (LA element)** of £944,766 2007/08 (£944,766 2008/09) is used to address the shortfall in provision on safeguarding and attainment; specialist and targeted services aimed at improved attainment through Joint Therapies, study support, school support staff training and specialist training and as an additional resource to increase capacity to address Child Protection issues.



**School Improvement Partners** grant comprised of £78,890 for 2007/08 (£284,950 2008/09) and is used to assist in meeting the cost of deploying School Improvement Partners in secondary schools. The grant contributes to employee costs of staff undertaking SIP activities in secondary schools.

**School Intervention Grant** comprised of £193,100 2007/08 (£193,100 2008/09) was used to provide support to foster new and constructive support arrangements between strong and weak schools or other partners. The grant contributes to employee costs of advisory staff supporting schools. Approximately 37% is devolved to schools for non-staff expenditure.

**School Travel Advisors** for £80,000 2007/08 (£80,000 2008/09) is used to for the development of Travel Plans in all schools in the County. This is in line with Government's target of all schools having a Travel Plan by March 2010. The project entails School Travel Plan Advisors working with schools to assist them to produce a School Travel Plan and to develop initiatives and measures to promote sustainable travel. Also includes the development and promotion of events such as Walk to School Week and International Walk to School Month.

**Secondary National Strategy – Behaviour & Attendance – £125,800 2007/08 (£125,800 2008/09)** – This is aimed at improving behaviour and attendance strategies in secondary schools. The links to LAA priorities are seen as protecting young people from crime and anti social behaviour and improving attainment levels. (DfES Standards Fund Guidance December 2006 prescribes Local Authorities must *continue to employ* National Strategy and Behaviour and Attendance Consultants).

**Secondary National Strategy – Central Co-ordinator - £273,945 2007/08 (£276,048 2008/09)**- This was part of the Standards Fund Grant (112 and 113) that have a 50/50 matching requirement and the County Council will be effectively doubling the spend on the activity during 2007/08. They are aspects of national school improvement strategies driven by DfES and allow the Authority to target under performing schools and individual pupils to level up attainment in literacy and numeracy. The grant funds Subject Specialist Consultants who spend most of their time working in schools. The school implementation priorities in the CYPS plan are linked to this investment and for the purpose of LAA priorities the connection may be improving attainment levels and reducing the gaps between different groups; increasing levels of participation in learning opportunities and reducing the effects of poverty. (DfES Standards Fund Guidance December 2006 prescribes Local Authorities must *continue to employ* National Strategy and Behaviour and Attendance Consultants).

**Sustainable Travel General Duty - £43,383 2007/08 (£43,383 2008/09).** The purpose of the grant is to meet the additional expenditure pressure on LA's that will result from the general duty in Section 76 of the Education and Inspections Act 2006 to assess the travel and transport needs of all pupils and promote sustainable means of travel to school. The intention is to remove the lack of affordable transport as a barrier to choice of school.

**Teenage Pregnancy** grant comprised of £362,000 for 2007/08 (£362,000 2008/09) and was used to support the implementation of local teenage pregnancy strategies. The Tackling Teenage Pregnancy Board determines how the grant is spent and DCC makes the payments on behalf of the Board. DCC do not directly employ any staff funded from the grant, but other partners will.

## **2008/09 Area Based Grant – Environment funding stream**

**Aggregate Levy Sustainability Fund** comprised of £100,000 2007/08 (£107,000 2008/09) used by the County Council to provide environmental improvement schemes to compensate local communities for the local effects of aggregate extraction. Schemes across the County in 2007 are provided in Dipton, Esh Winning, Leadgate, Wearhead, Shotton Colliery, Aycliffe Village and West Auckland.

**Detrunking** - £499,548 for 2007/08 (£512,037 2008/09) and is used for Routine Highway Maintenance of the A167 and covers maintenance work on carriageways and footways such as patching, gully emptying, grass cutting, weed spraying, road marking, winter maintenance etc. as well as bridge maintenance, traffic signal maintenance and street lighting energy. The grant does not directly fund any staff. The A167 has, since detrunking, been included as part of this Authority's road network for performance measurement including such PIs as BV223 and BV187 on carriageway and footway condition respectively.

**Road Safety Grant** - £757,857 2007/08 (£741,238 2008/09) - The way in which funding is being used and the specific projects being delivered is as per the Road Safety Specific Grant – Programme. The primary outcome is to assist in delivering our Best Value and LTP targets in relation to casualty reduction, through the Casualty Reduction Strategy, Drive/ Rider Training and Child Pedestrian Training Scheme. However, some other targets are being supported such School Travel Planning, Mode Share and Cycle Training. A large proportion of the funding is being used to recruit/retain staff to both deliver training and to offer services directly to the public, including, Driver Training Coordinator, Pedestrian Training Coordinators, Pedestrian Trainers (part time), Cycle Trainers (part time), Speed Assistants. The allocations have been determined in accordance with each of the partners of 'the Durham and Darlington Casualty Reduction Forum' road safety needs (using the existing LTP road safety formula based upon the number of casualties over the 94-98 period), and a qualitative assessment of the road safety elements of the local authorities' first round LTP Delivery Report and second round LTP submission. As this is now part of LTP then a performance element will be built into future year's allocations.

**Rural Bus Subsidy** £1,012,980 for 2007/08 (£1,038,487 2008/09) is used to support rural bus services and is used alongside core revenue funding to secure local bus service provision across the county. No staff are directly employed however, the funding does support employment both for bus drivers/staff and for people across the county accessing employment by public transport. The services help to deliver accessibility targets to ensure people have access to jobs, education, health and food shopping. It also helps towards meeting targets on bus patronage as part of the governments shared priority for public transport services.

## Annex E2

Funding stream	Included in 07/08 LAA	Government Dept	2007/08 allocations	2008/09 allocation	2009/10 allocation	2010/11 allocation
Local Enterprise Growth Initiative	Y	CLG	£2,427,000	2,737,500	3,307,500	3,189,600
Supporting People (inc in ABG from 09/10)		CLG			14,588,000	14,588,000
Supporting People Administration		CLG	£420,000	399,386	367,855	315,304
			<b>£2,847,000</b>	<b>3,136,886</b>	<b>18,263,355</b>	<b>18,092,904</b>
14-19 Flexible Funding Pot		DCSF	£247,828	143,565	141,577	140,992
Care Matters White Paper		DCSF	£0	256,551	368,697	430,412
Child Death Review Processes		DCSF	£0	62,792	63,975	65,913
Children's Fund		DCSF	£1,492,457	1,492,457	1,492,457	1,492,457
Children's Social Care Workforce (formerly HRDS and NTS)		DCSF	£499,391	158,601	157,213	155,649
Choice Advisers		DCSF	£50,018	54,975	54,975	54,975
Connexions		DCSF	£4,945,728	4,956,762	4,999,034	5,003,606
Education Health Partnerships		DCSF	£170,875	170,875	170,875	170,875
Extended Rights to Free Transport		DCSF	£31,612	259,455	601,970	944,485
Extended Schools Start Up Costs		DCSF	£653,530	905,339	1,868,812	768,535
Positive Activities for Young People	Y	DCSF	£479,031	479,031	822,951	1,068,608
Primary National Strategy - Central Coordination	Y	DCSF	£302,498	295,219	293,352	293,393
School Development Grant (Local Authority element)	Y	DCSF	£944,766	944,766	944,766	944,766
School Improvement Partners		DCSF	£78,890	284,950	284,950	284,950
School Intervention Grant		DCSF	£193,100	193,100	193,100	193,100
School Travel Advisors	Y	DCSF	£80,000	80,000	80,000	80,000
Secondary National Strategy - Behaviour and Attendance	Y	DCSF	£125,800	125,800	125,800	125,800
Secondary National Strategy - Central Coordination	Y	DCSF	£273,945	276,048	276,816	277,159
Sustainable Travel General Duty		DCSF	£43,383	43,383	43,383	43,383
Teenage Pregnancy		DCSF	£362,000	362,000	362,000	362,000
			<b>£10,974,852</b>	<b>11,545,669</b>	<b>13,346,703</b>	<b>12,901,058</b>
Aggregates Levy Sustainability Fund	Y	Defra	£100,000	107,000	107,000	107,000
Sea Fisheries Committee		Defra	£0	0	0	0
			<b>£100,000</b>	<b>107,000</b>	<b>107,000</b>	<b>107,000</b>
Detrunking		DfT	£499,548	512,037	524,838	537,959
Road Safety Grant		DfT	£757,857	741,238	691,178	680,396
Rural bus Subsidy		DfT	£1,012,980	1,038,487	1,065,815	1,093,144
			<b>£2,270,385</b>	<b>2,291,762</b>	<b>2,281,831</b>	<b>2,311,499</b>
Learning Disability Development Fund		DH	488,000	543,736	541,007	538,069
Adult Social Care Workforce (formerly HRDS and NTS)		DH	£1,084,609	1,554,786	1,600,408	1,647,378
Carers		DH	£2,054,000	2,488,594	2,661,511	2,835,955
Child and Adolescent Mental Health Services		DH	£713,000	809,325	845,074	878,598
Local Involvement Networks		DH	£10,000	255,755	255,288	254,900
Mental Capacity Act and Independent Mental Capacity Advocate Service		DH	£178,000	283,763	357,715	343,465
Mental Health		DH	£1,426,000	1,734,220	1,815,895	1,896,131
Preserved Rights		DH	£2,098,000	1,967,197	1,835,683	1,729,321
			<b>£8,051,609</b>	<b>9,637,376</b>	<b>9,912,581</b>	<b>10,123,817</b>
SSC - Crime Reduction, Drugs Strategy and Anti Social Behaviour	Y	HO	£661,786	661,786	661,786	661,786
			<b>£661,786</b>	<b>661,786</b>	<b>661,786</b>	<b>661,786</b>
Total ABG to County Council			<b>£24,905,632</b>	<b>27,380,479</b>	<b>44,573,256</b>	<b>44,198,064</b>
less funding streams attributable to other partners, new funding streams & Supporting People (from 09/10)			£21,816,846	23,661,850	25,583,298	25,262,353
Difference				1,845,004	1,921,448	-320,945
% difference				8.46%	8.12%	-1.25%
Traditionally paid to LAA partners						
Included in ABG from 2009/10, previously paid as grant direct to County Council						

## **Section F - The Dedicated Schools Grant (DSG) - Provisional Budget Plan 2008/09 to 2010/11**

- 1 Durham County Council Schools Forum has a role to play in determining the annual distribution of DSG. They are for the first time obliged to produce a three-year plan in line with Department for Children, Schools and Families (DCSF) aims for stability in schools' budgets.
- 2 This section shows the proposed distribution of the DSG for the three-year period 2008/09 to 2010/11 as considered by the Schools Forum in December 2007, these are shown in detail at Annex F1
- 3 The final value of DSG is linked to pupil numbers and they will not be finalised until mid-February. The value of teachers' pay award is slightly higher than provided for in the December 2007 plan, therefore there will need to be some re-distribution of resource. The Schools Forum will consider final budget distribution options on 26<sup>th</sup> February 2008.

## Papers Considered By DCC Schools Forum – 17 December 2007

- 1 Each year since the DSG was created; the Schools Forum has considered a range of options for budget growth and savings. The current planning process is the first time that an outline budget covering a 3 year period (2008/09 to 2010/11) has been necessary.
- 2 Annex F2 attached sets out the level of increase to DSG that can be expected. It is evident that this is lower than in previous years and DCSF has made it clear there is a 1% 'efficiency' expectation in the settlement for schools. This assumes better procurement decisions and use of resources. The cash increase from 2007/08 to 2008/09 looks to be down to £6.09m (2.27%). Only 7 out of 150 Local Authorities have a lower DSG increase. The average increase is over 4%.
- 3 Forum members will see from the level of savings associated with falling pupil rolls each year, that this is having a significant impact on the funds being made available to County Durham.
- 4 In determining the best distribution of funds, 2009/10 looks like being the most difficult, but there are some "one off" costs in 2008/09 that improve the position.
- 5 When setting out budget plans, it is of note that a DCSF priority is personalisation. Durham's recent DSG allocation from DCSF suggests that £3m should be targeted in this way for 2008/09, £1.89m in 2009/10 and £3.46m in 2010/11. It is hard to see how this would be possible when there are so many other funding pressures.
- 6 The other area of particular DCSF interest is the distribution of funds to those schools with the highest levels of deprivation. Plans will be analysed to see if there is extra funding earmarked and what impact this is expected to have on performance and "narrowing the gap" between pupils.
- 7 The Schools Forum has been informed previously that the way the Central Expenditure Limit (CEL) (i.e. the amount of DSG managed by the Local Authority rather than schools) is to be calculated, has been refined for 2008/2009. It is to be based on the principle that % increases in Local Authority budgets should not be higher than school budgets each year. Initial calculations suggest that the Local Authority (LA) is likely to be about £400,000 above the limit, as a direct result of 2 issues shown below:

Income shortfall – other LA Special Education Needs	£400,000
Building Schools for the Future (BSF) Schools Revenue Contribution	£955,000

- 8 The SEN cost is a one year budget issue to correct the budget, as the income from other LA's goes direct to those mainstream schools who are employing extra SEN support staff. The BSF cost will be delegated to schools, in due course, as per the budget plan agreed by the Schools Forum earlier in the year, and as such is therefore not "real" Local Authority spend. (It will be held in school contingencies until required.)
- 9 In such circumstances the Schools Forum will be asked to agree to the CEL being exceeded, for the first time in Durham, for 2008/2009, however it is expected that the CEL will be less of an issue in 2009/10 and 2010/11. This is not an uncommon situation, as 20 County Authorities exceeded the CEL in 2007/08.
- 10 A separate spreadsheet setting out the expectations from the BSF Funding Plan agreed by the Schools Forum on the 21 May 2007 was considered. There is a balance of funds available for the next 3 years. Since the Schools Forum has previously supported the utilisation of closure/amalgamation savings to improve school buildings, it is suggested that these funds be used to fund the ongoing programme of ventilation projects for school kitchens.
- 11 Members of the DCC Schools Forum are requested to comment on the budget plans outlined and to note the background issues referred to in this covering note, particularly the CEL for 2008/09.

## Annex F2

THE DEDICATED SCHOOLS GRANT 2008/9 to 2010/11 PROVISIONAL BUDGET PLAN												
<b>ORIGINAL DSG 2007/08</b>						£267,491,669						
<b>Reduction from Budget Plan</b>						Minus £38,669						
<b>Final allocation 07/08</b>						£267,453,000						
<b>Final Adjustment from 2006/07</b>						Minus £61,901						
<b>Available to spend in 2007/08</b>						£267,391,099						
<b>L.A. Estimate of DSG in 2008/09 (Note DCSF notification £275,428,000)</b>						£273,546,420						
<b>Less potential overspend from 2007/08</b>						* £465,500						
<b>Probable extra funds</b>						£5,689,821						
<b>"savings" within the DSG are redirected-see Section 4 2008/2009 - RESOURCES TO DEPLOY</b>						£4,942,500 £10,632,321						
<b>1. COMMITMENTS PREVIOUS YEARS</b>												
DCSF minimum pupil funding guarantee						40,000		40,000		40,000		
Increased number of pupils at SEN audit band E						700,000		250,000		350,000		
						740,000	0	290,000	0	390,000	0	
<b>2. PAY AWARDS &amp; INFLATION</b>												
Teachers pay award @ 2.1%						3,637,790	124,320	3,717,800	127,000	3,795,800	130,000	
Support staff pay award @ 2.1%						1,603,000	50,400	1,640,000	51,500	1,675,000	52,500	
Independent special school fees- growth + inflation @ 3%							240,000		175,000		170,000	
Increase to Support Staff (LG) Pension Contributions						416,000	17,000	400,000	15,000	400,000	15,000	
Other LA special schools- growth on spend + inflation @ 3 %							40,000		40,000		40,000	
School domestic rate rises & floor area increases						275,000		250,000		250,000		
Inflation on School Catering- assisted via <b>Standards Fund</b>						0		150,000		250,000		
Inflation on school Service Level Agreements & support services @ 2.5%						200,000		205,000		210,000		
Inflation on Capitalised Repair & Maintenance Budget- NIL							0		0		0	
Shared use costs- specific schools						140,000		0		0		
Energy						0	0	250,000		350,000		
Transport PRU & out of school placements							40,000		20,000		20,000	
Non-LA Early Years- 2.1% inflation & £100k demand							145,000		200,000		220,000	
Income shortfall- other LA special needs support							400,000		0		0	
						6,271,790	1,056,720	6,612,800	628,500	6,930,800	647,500	



	2008/2009		2009/2010		2010/2011		
	DSG		DSG		DSG		
	ISB	LA	ISB	LA	ISB	LA	
<b>3. NEW GROWTH OPTIONS</b>							
Increased staffing at SEN outreach nurseries	104,400		0		0		
KS 4 improvement strategy- was LA School Improvement fund in 08/09	270,000		150,000		400,000		
Personalised Learning	250,000		150,000		500,000		
BSF schools -running costs revenue contribution	231,500	18,500	250,000		250,000		
KS1 Improvement Funds	270,000		150,000		400,000		
Secondary ILS values	140,000		140,000		140,000		
ECM priorities		150,000		50,000		100,000	
Provision for severance payments- schools staff		100,000					
Socio economic funding- IMD factor	400,000		200,000		900,000		
Teacher - Polish pupils- E2L support team		30,000		30,000		30,000	
Extra special school planned places	560,000		0		100,000		
6th day supervision fixed term exclusions from Sept 07 ( in COLs)		65,000		0		0	
	<b>2,225,900</b>	<b>363,500</b>	<b>1,040,000</b>	<b>80,000</b>	<b>2,690,000</b>	<b>130,000</b>	
	<b>TOTAL VALUE OF EXPENDITURE PLANS</b>	<b>9,237,690</b>	<b>1,420,220</b>	<b>7,942,800</b>	<b>708,500</b>	<b>10,010,800</b>	<b>777,500</b>
	<b>COMBINED SCHOOL &amp; LA VALUE</b>	<b>10,657,910</b>		<b>8,651,300</b>		<b>10,788,300</b>	
	<b>BALANCE/SHORTFALL</b>	<b>-25,589</b>		<b>-41,700</b>		<b>30,400</b>	
<b>4.SAVINGS</b>							
Over provision for support staff pay award 07/08	182,000	14,000	0	0	0	0	
Increased Grant Income EMAG		30,000		0		0	
End of school workforce reform loan	310,000		0		0		
Design services recharges- school projects		124,500		0		0	
Pupil number reductions -falling rolls	Estimate	3,370,000	3,020,000		1,220,000		
Reduced demand redundancy & gratuity		80,000		0		0	
Remove SEN outreach contingency		30,000		0		0	
Reduced capacities in nursery units from Sept 07 & 08	60,000		50,000		50,000		
Fewer resource base places	122,000		68,000		0		
Advance spend Capitalised R & M 07/08	*	200,000		0		0	
Extra LSC income - SEN	Estimate	40,000	0	42,000		44,000	
Premises savings school amalgamations & closures SEPT 07 & 08	380,000		225,000		110,000		
	<b>4,424,000</b>	<b>518,500</b>	<b>3,363,000</b>	<b>42,000</b>	<b>1,380,000</b>	<b>44,000</b>	

## **Section G – Revenue Budget and Medium Term Financial Plan (MTFP)**

### **Introduction**

This Section deals with the revised revenue budget for 2007/08 and the MTFP for 2008/09 – 2010/11, including detailed proposals for the budget and precept for 2008/09.

### **Revised revenue budget 2007/08**

- 1 During the year the revenue budget is monitored and reports outlining spending against budget are regularly considered. Individual service estimates are revised as pressures and opportunities for savings are identified. Virement is exercised by Chief Officers in accordance with the constitution of the Council. Significant savings are however, reported to Cabinet.
  
- 2 Chief Officers have forecast the outturn position for their services and these estimates form the basis on which the revised budget has been prepared. The latest forecasts suggest that there is a projected under-spend of £5.57m against original budget. This is based on:
  - £3.5m additional investment income because of higher than anticipated cash balances due to the unspent provision for pay increases, Equal Pay, capital programme and general under-spending, combined with higher than forecast interest rates.
  - £2.0m under-spend in Adult and Community Services where reduced expenditure on residential care and increased income have contributed to the under spend (£1.8m). Savings from staff vacancies and general office expenses (£0.6m) and unspent grant that will be carried forward into next year (£0.4m) have been offset by increased purchase of home care to keep people in their own homes and re-profiling of budget savings.
  - £0.8m under-spend in Environment mainly relating to reduced energy costs, which is partially offset by additional spending on footpath improvements, which was agreed by Cabinet at Quarter 2.
  - Services are currently being charged £1.3m less than budgeted for direct insurance costs. However this sum is required to be transferred to the Insurance Reserve at the year-end to cover claims not yet recorded based on a review of claims history and is not available for general use and has no impact on the County Council.
  - A shortfall of £1.1m in Children and Young People's Service in relation to DSG, which will reduce available general reserves but will be recovered from the 2008/09 DSG budget.
  - A shortfall of £0.57m in Corporate Services due to lower than anticipated fee income from capital projects.

- £0.4m over-spend within the Local Authority managed area in Children and Young People's Service where transport costs and the cost of agency placements are the main factors.
- 3 It is unlikely that Equal Pay will be resolved during this financial year and will utilise all the resources set aside for it. It is assumed that contingencies of £1.9m will be spent by the year-end.
  - 4 Of the £5.57m under-spend, £1.1m needs to be earmarked for Overview and Scrutiny proposals.
  - 5 Service Direct plans to spend £0.75m from their own reserves to finance capital schemes.
  - 6 Subsequent to the Quarter 3 budget monitoring report , Members have agreed additional expenditure to cover the following items:
    - Environment Projects £1.0m
    - Refurbishment of Care Homes £0.6m

## Basis of the Preparation of the MTFP 2008/09 – 2010/11

### Base Budget

#### Introduction

- 1 The County Council is expecting Parliamentary Consent for the replacement of the current Council and the 7 District Councils with a new 'Unitary Council' from April 2009. It is also expected that in May 2008 elections will be held so that a transitional authority of 126 Members can be established. This new elected body will undertake the detailed financial planning for the new unitary authority for 2009/10 and 2010/11. The approach in this report is to project spending at a high level into 2009/10 and 2010/11 on the basis of on-going County Services. When the new Council begins to meet, after May this year, it will need to turn its attention to producing a more detailed Medium Term Plan bringing together the work of the 8 existing councils and taking into account the proposals set out by the County Council in its submission to Government to create one unitary council for County Durham.
- 2 The Base budget has been reviewed and uplifted for the following items:

	2008/9	2009/10	2010/11
	%	%	%
Price inflation	2.0	2.3	2.3
Salary and cost inflation	2.5	2.5	2.5
Pensions contributions increase	5.0	4.5	4.5

In addition provision has been made in the base for increases in Residential Care for the Elderly, Home Care costs, costs associated with the elections in May and the establishment of the transitional authority and the costs of the Capital Programme.

#### Resources

- 3 The details of the Local Government Finance settlement are outlined in Section D. The settlement is for a three-year period. On that basis we have forecast, as part of our MTFP, increases in grant of 4.8% for 2009/10 and 4.1% for 2010/11.
- 4 Specific Government Grants have been budgeted at a net nil impact on this budget assuming that all grants received in year will be spent in year. This impact will be shown gross to reveal the full impact on income and costs.
- 5 The Dedicated Schools Grant (DSG) is a specific grant and must be spent entirely on schools related expenditure.
- 6 Area Based Grant, with the exception of the 'top slice' referred to in Section E have been included as a separate income line and appropriate expenditure included in services.
- 7 The Collection Fund (the excess Council Tax collected by the Districts over that which they had budgeted to collect) has a surplus of £1.917m in 2008/09 and is assumed to have a surplus of £1.0m thereafter.

- 8 Reserves levels have been reviewed in accordance with the Reserves Policy agreed by the County Council in February 2006.
- 9 Council Tax increases of 5% have been used in our Medium Term Planning arrangements. This report is based on a 2.9% increase levied in 2008/09 and that 5% continues to be the planning assumption for subsequent years.

### Investment

- 10 The investment proposals are detailed in Annex G1 and summarised below:

<b>Service</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
Adult and Community Services	4,700	4,500	4,500
Children and Young People's Services	1,796	350	1,000
Environment	2,160	1,774	6,000
Chief Executives	0	0	0
Corporate Services	0	0	0
County Treasurers	0	0	0
Service Direct	0	0	0
<b>TOTAL</b>	<b>8,656</b>	<b>6,624</b>	<b>11,500</b>

- 11 The significant investments in 2008/09 are:

#### **Adults and Community Services:**

- Supporting People with Learning Disabilities
- Reduction in Grants
- Day Service Improvement

#### **Children and Young Peoples Service**

- Direct Payments
- Transport for Looked After Children
- University Allowances
- National Minimum Fostering Allowance
- Youth Service
- Community Centres

- 12 Major investments in 2008/09 and 2009/10 are likely to be in Adult and Community Services and in Environment Service (relating to Waste).

## Savings

13 The savings proposals are detailed in Annex G2 and summarised below:

<b>Service</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
Adult & Community Services	6,609	370	0
Children & Young People's Services	2,206	1,083	0
Environment	512	251	0
Chief Executives	128	33	0
Corporate Services	243	91	0
County Treasurers	445	175	0
Service Direct	0	0	0
Other	0	0	0
<b>Total per Annex D2</b>	<b>6,143</b>	<b>2,003</b>	<b>0</b>
Savings not yet identified		3,046	12,914
<b>TOTAL</b>	<b>6,143</b>	<b>5,049</b>	<b>12,914</b>

14 Detailed proposals for the majority of savings for 2009/10 and 2010/11 have yet to be identified. Services will be asked to review options and bring back proposals to Members in the coming months.

## MTFP Summary

- 15 The above assumptions and information above lead us to a MTFP summary as outlined below:

	<b>Analysis of available resources £000s</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>Calculation</b>
A	Government grant increase	20,889	7,615	6,864	
B	Area based grant	27,380	17,193	-375	
C	Council Tax increase (2.9% 2008/09, 5% thereafter) including changes to council tax base	6,496	7,856	8,257	
D	Changes in Reserves	9,685	-21,181	-135	
E	Surplus on Collection Fund	58	-917	0	
F	Total increase in available resources	64,508	10,566	14,611	A+B+C+D+E
	<b>Impact of spending and savings</b>				
G	Increases in base budget	-24,846	8,202	-16,400	
H	Grants into base budget	-37,149	-17,193	375	
I	Net resources available	2,513	1,575	-1,414	F+G+H
J	Possible savings	6,143	2,003	0	
K	Total amount available for investment	8,656	3,578	-1,414	I+J
L	Investment options	-8,656	-6,624	-11,500	
M	Surplus / Deficit (-)	0	-3,046	-12,914	K+L

## Financial Reserves

- 16 The current strategy for the Council is based on the premise that for the period of the Medium Term Financial Plan general reserves will stay broadly within the reserves policy.
- 17 Reserves are held as:-
- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves.

- A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves.
  - A means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.
- 18 However, it would be inefficient to build up excessive reserves. The current policy is that the County Council will:
- Set aside sufficient sums in earmarked reserves as it considers prudent to do so.
  - Aim to maintain, broadly, general reserves of around 4.5% of the budget requirement or about £16m.
- 19 In accordance with the Council's policy on reserves, with the exception of those held by schools over which the County Council has no control, each reserve has been reviewed.



20 The following table shows the estimated movement in financial reserves:

<b>Financial Reserves</b>	<b>Balance at 31.3.2007</b>	<b>Variation 2007/08</b>	<b>Estimated Balance at 31.3.2008</b>	<b>Variation 2008/09</b>	<b>Estimated Balance at 31.3.2009</b>	<b>Variation 2009/10</b>	<b>Estimated Balance at 31.3.2010</b>	<b>Variation 2010/11</b>	<b>Estimated Balance at 31.3.2011</b>
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Unearmarked	11,814	1,566	13,380	496	13,876	0	13,876	0	13,876
Earmarked	68,910	4,000	72,910	-15,094	57,816	-1,038	56,778	-903	55,875
<b>County Council Reserves</b>	80,724	5,566	86,290	-14,598	71,692	-1,038	70,654	-903	69,751
Schools' Balances	21,215	-	21,215	-7,621	13,594	-	13,594	-	13,594
<b>Total Reserves</b>	101,939	5,566	107,505	-22,219	85,286	-1,038	84,248	-903	83,345

## Value for Money

- 21 It is important that the Council delivers value for money as it spends public funds. Across the Authority various mechanisms are used to test value for money and within each Service report in Section I, a section on value for money will be found.

## Risk

- 22 The Council is paying increasing attention to the risk management process across the Authority.
- 23 In our budget setting process a number of specific risks have been identified which we believe can be managed using contingencies and reserves.

	Description
Equal Pay/ Job Evaluation	Costs may be higher than anticipated
Inflation	Only 2.0% provided in 2008/09 – costs may be greater.
Waste	Volumes may be higher than anticipated and the contract for Waste Disposal is under review.
Property	The Government's Building Schools for the Future initiative may require further investment in both revenue and capital before precise costs and plans are determined. Further 'waves' are planned.
LGR	There may be additional costs over and above those which have been forecast. There may be staffing issues to address.

## Minimum Revenue Provision (MRP)

- 24 Draft Communities and Local Government (CLG) regulations are currently issued for comment which, if implemented, will require full Council to approve a Minimum Revenue Provision (MRP) Policy Statement in advance of each financial year. MRP is the amount that must be charged to revenue each year for the repayment of debt.
- 25 It is possible that these regulations will come into force before 31st March 2008, and will therefore be effective from 2007/08. Whilst the regulations will revoke current MRP requirements and replace them with more flexible statutory guidance, councils are allowed to continue historical accounting practice for 2007/08. A variety of options are provided to councils to replace the existing regulations from 2008/09, so long as there is a prudent provision.
- 26 As the regulations are only draft at this stage, members have authorised the County Treasurer to determine the most appropriate option once the details of the final regulations are known.

## Summarised spending and investment proposals – Key to abbreviations

To help to assess the impact of each of the budget proposals, we have considered what effect they would have on the Council's improvement and investment priorities and our service performance.

This is shown in the tables below where the following abbreviations are used:

### Improvement Priority

VA	Protecting and supporting vulnerable adults
EC	Promoting economic wellbeing
QE	Quality of the Environment
EA	Improving educational attainment
IH	Improving health
VC	Protecting and supporting vulnerable children

### Areas for Additional Investment

VC	Vulnerable children and young people
PLD	People with learning disabilities
OP	Older people to retain their independence
TI	Transport infrastructure and reducing the rate of decline in public transport
BSF	Building Schools for the Future

### Impact

I	Improves performance
M	Maintains current performance
U	Undermines performance

## Summarised spending and investment proposals

Item	Title	Summary	2008-09 £	2009-10 £	2010-11 £	Improvement Priority	Areas for Additional Investment	Impact
<b>Adult and Community Services</b>								
1	Supporting people with learning disabilities	To meet the costs of supporting an increased number of people with learning disabilities.	1,200,000	1,200,000	1,200,000	VA	PLD	M
2	'Supporting People' loss of income	To cover the cost of services previously met by grants which have now changed.	550,000	100,000	100,000	VA	PLD/OP	M
3	Supporting older people (over 65) who care for people with learning disabilities	Providing support to older carers to help them to continue to support their adult children with a learning disability.	500,000	500,000	500,000	VA	PLD/OP	M
4	Ageing population - additional capacity	Increasing our capacity to provide care and support to enable growing numbers of older people to remain in their own homes.	850,000	1,000,000	1,000,000	VA	OP	I

<b>Item</b>	<b>Title</b>	<b>Summary</b>	<b>2008-09</b> <b>£</b>	<b>2009-10</b> <b>£</b>	<b>2010-11</b> <b>£</b>	<b>Improvement</b> <b>Priority</b>	<b>Areas for</b> <b>Additional</b> <b>Investment</b>	<b>Impact</b>
5	Learning Disabilities - external care pressures	Increasing costs of caring for an ageing population of people with learning disabilities, alongside increasing need to provide placements for people either moving out of long stay, institutional establishments, being discharged from hospital or whose carers are over 65 and who are no longer able to care for them.	500,000	500,000	500,000	VA/EC	PLD	M
6	Supporting people with learning disabilities leaving school	Increasing costs of supporting people with learning disabilities who are leaving school. The trend is that the number will increase, as there has been a marked increase in the number of young people diagnosed as being autistic in the last five years.	450,000	450,000	450,000	VA	PLD/VC	M
7	Reduction in Grants	Compensating for reduced levels of Government Grants for maintaining clients in residential and nursing care.	250,000	250,000	250,000	VA	OP	M

Item	Title	Summary	2008-09 £	2009-10 £	2010-11 £	Improvement Priority	Areas for Additional Investment	Impact
8	Improving Day Services	The continuation of Day Service Improvements, which meets the individual and diverse needs of people with learning disabilities. The improvements help to meet the Government's 'Valuing People' Agenda and avoid the Council incurring significant capital costs in ensuring that our large older day centres meet Health and Safety requirements.	400,000	500,000	500,000	VA	PLD	I
<b>Children and Young People's Service</b>								
9	Direct Payments	To meet the costs of increasing demand for statutory payments to parents who choose to support children with disabilities at home.	220,000	50,000		VC	VC	I
10	Transport for Looked After Children to contact visits and school	To meet increased demand for transport for children in care, associated with court orders which require transport to parental visits and school.	40,000	40,000		VC	VC	I

<b>Item</b>	<b>Title</b>	<b>Summary</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>Improvement Priority</b>	<b>Areas for Additional Investment</b>	<b>Impact</b>
			<b>£</b>	<b>£</b>	<b>£</b>			
11	University Allowances	To meet the increasing demand for the Council to assist children in care to attend university.	30,000	30,000		VC	VC	I
12	National Minimum Fostering Allowance	The additional cost of increasing the level of payments paid to foster carers, in line with the Government's proposed minimum levels.	210,000	210,000		VC	VC	I
13	Criminal Records Bureau checks	The additional cost of implementing three yearly 'police checks' on people who have access to children, in line with latest guidance.	20,000	20,000		VC	VC	I
14	Building Schools for the Future	Costs of the support team developing the programme to rebuild/redevelop all secondary schools in the County.	176,000			EA	BSF	I
15	Youth Service	Increased provision for youth activities and local provision.	500,000			VC	VC	I
16	Legal Fees	Increased cost of care proceedings.	250,000			VC	VC	I
17	Community Centres	Consolidation of grants and support structures for community-based organisations and associations.	350,000			EC	OP	M

Item	Title	Summary	2008-09 £	2009-10 £	2010-11 £	Improvement Priority	Areas for Additional Investment	Impact
A	Children's	Additional Investment – Transport, Youth Services, BSF and Fostering			1,000,000			
<b>Environment</b>								
18	Inflation in highways maintenance and civil engineering costs	Supplementing the highways maintenance budget, to cope with increasing levels of inflation, which have seen the costs of civil engineering works increase by 31% over the last five years.	386,360	420,340		QE/EC	TI	M
19	Minerals and Waste Development Frameworks	Meeting the costs of our statutory requirement to update the Development Plan for Minerals and Waste and hold an Examination of Development Plan documents, in line with Best Value, Government Office and Planning Inspectorate requirements.	130,000	200,000		QE/EC	-	M
20	Public Transport Inflation	Additional increase in bus operator costs	143,750	154,000		QE/EC	TI	M
21	Landfill Tax	Cost of increases in the tax levied on putting waste in landfill sites	1,000,000	1,000,000		-	-	M



Item	Title	Summary	2008-09 £	2009-10 £	2010-11 £	Improvement Priority	Areas for Additional Investment	Impact
22	Environment	Environmental initiatives including improving the condition of roads and footways.	500,000			QE/IH	TI	I
B	Environment	Waste Project			6,000,000			
<b>TOTAL INVESTMENT AND INCREASES IN SPENDING</b>			<b>8,656,110</b>	<b>6,624,340</b>	<b>11,500,000</b>			

## Summarised proposals for savings, efficiency gains, income and service reductions

Item	Name	Summary	2008-09 £	2009-10 £	2010-11 £	Impact
<b>Adult and Community Services</b>						
1	In-House Home Care Service	Review of staffing levels to take account of lower levels of current demand.	183,000			M
2	Respite Care eligibility criteria	Ensuring access to respite care on the basis of assessment and annual allocation linked to need.	25,000			M
3	Consistent application of eligibility criteria - Older People	Continued review of clients' needs and provision against published criteria for services.	185,000			M
4	Home Care – shopping	Using internet shopping service for home care clients rather than staff visiting shops.	50,000	50,000		M
5	Service Level Agreements (Learning Disabilities Commissioning)	Review of all service level agreements with organisations who commission support for people with learning disabilities to evaluate relevance, usage and value for money	100,000			M
6	Service Level Agreements (Mental Health Commissioning)	Review of all service level agreements with organisations who provide support to people with Mental Health needs to evaluate relevance, usage and value for money	75,000			M

Item	Name	Summary	2008-09 £	2009-10 £	2010-11 £	Impact
7	Service Level Agreements (Learning Disabilities In-house Provider)	Review of supplementary service level agreements within in-house provider services to evaluate relevance, usage and value for money	40,000			M
8	Independent sector day care	Savings made by regulating the fees charged by independent providers of day care services.	50,000			M
9	Physical Disabilities care	Savings made by regulating the fees charged by independent providers of care services.	10,000			M
10	Learning Disabilities residential care	Savings made by regulating the fees charged by independent providers of residential care services.	25,000			M
11	Handyperson Service Level Agreement	Reduction in services provided through the Home Improvement Agency and Handyperson Services, following a review by the Supporting People Partnership. Assumes a 20% saving from 2007/08.	40,000			M
12	Integrated health, housing and social care teams	Review of management and support costs - assumes saving of contribution to Sedgefield Head of Integration post.	30,000			M
13	Learning Disability Statutory Responsibilities	Consistent application of eligibility criteria to ensure the County Council adheres to and can maintain its statutory responsibilities for people with high level needs.	200,000			M

Item	Name	Summary	2008-09 £	2009-10 £	2010-11 £	Impact
14	Learning Disability - Care Package Review	Pro-active review of individual clients needs on a regular basis	500,000			M
15	Extending Hired Transport Review (within our remit)	Encouraging independent travel has allowed transport contracts to be renegotiated/terminated	60,000			M
16	Shift from Residential to Domiciliary services	Increased use of domiciliary services in preference to residential care.	42,000	43,000		I
17	Coming Home	Project to bring Learning Disabilities clients back to County Durham from care facilities outside the County when appropriate.	100,000	100,000		I
18	Mental Health Day Service Provider	Review of in-house provision	50,000	50,000		M
19	Section 117 Aftercare (Learning Disabilities)	Ensuring application of charging for people discharged for S117 orders.	30,000	20,000		M
20	In-house Provider Efficiency Savings	Reducing car allowance/travelling and reducing Equipment/Furniture/Materials	100,000			M
21	Purchase of Nursing Care	Continued reduction in purchase of nursing care. Assumes reduction of five beds.	82,000			I
22	Welfare Rights - Publications and general office expenses	This will include a switch to free rather than purchased materials.	15,000			M
23	Inter Sector Training Allocation	Reduction in respect of direct costs for training – remaining infrastructure will support strategic development of training programme and attracting inward involvement	51,000			M

Item	Name	Summary	2008-09 £	2009-10 £	2010-11 £	Impact
24	Planning and Performance Staff Reduction	Savings achieved from restructuring.	20,000			M
25	Finance and Business Support Staff	Efficiency savings generated from Service restructure	160,000	62,000		M
26	Additional income from Reassessments	Income generated from Invest to Save posts	100,000			M
27	Reduction in budget for General Office Expenses	Reductions in spend – little impact	50,000			M
28	Reduction in budget for telephones	Reductions in spend – little impact	50,000			M
29	Charge developers for Archaeological services	Introduce charge for Archaeology services.	12,000			M
30	Marketing – Review service as a result of restructure and improve income generation	Review a number of functions in this section and improve income generation.	14,000			M
31	Pontop Centre	Removal of set up costs allowed for initial year of day service improvements in Derwentside	160,000			M
A	CREATE			6,000		
B	Travellers Rents			19,000		
C	Restructure of Finance Team			10,000		
D	Non-staff budget reductions			10,000		

Item	Name	Summary	2008-09 £	2009-10 £	2010-11 £	Impact
<b>Children and Young People's Service</b>						
32	Early Years	Funds previously used on an Early Years database are no longer required	17,300			M
33	SureStart	Specific grant is to be used to meet Support Services costs and accommodation costs	96,000			M
34	Early Years	Foundation Teaching Early Years providers to be met from grant	91,530			M
35	Redundancy costs	Costs associated with school staff redundancy payments to be met from Dedicated Schools Grant	100,000			M
36	Transport	Fewer pupils in schools should reduce transport costs.	55,000	55,000		M
37	Integrated Transport Unit	More efficient transport management for pupils and students.	30,000	40,000		M
38	Inflation	Cash limit grant funded projects	5,040	3,210		M
39	Revenue budget contribution	Reduced contribution to Education and Business Learning Organisation and Continuing Professional Development Infrastructure.	51,640	5,110		M
40	Post-16 Transport	Revised post-16 transport policy from September 2006	500,000			M
41	Community Buildings	Removal of resources added as a one year fund in 2007/08	250,000			M
42	Service Management Structure and support functions	More efficient Service Management Structure and support functions	97,150	80,000		M
43	Supplies and Services	Reduced spend on Supplies and Services	59,800	59,800		M
44	Curriculum Initiatives	Removal of budget as initiatives have ended	49,000			M

Item	Name	Summary	2008-09 £	2009-10 £	2010-11 £	Impact
45	Secondary School Examination Performance	Provide improvement funding via grant	200,000			M
46	Payment for Skills budget	Reduced demand on Payment for Skills budget	40,000			M
47	Day Nursery Provision	Alternate arrangements for Day Nursery Provision	64,600			M
48	Day Care and Child Minding Provision	Reduced demand on Day Care and Child Minding	50,000			M
49	Staff turnover	Reduced spend due to staff turnover and vacancies	41,880			M
50	Adoption – “Invest to Save”	Savings from alternative provision	350,000	300,000		M
51	Woodham prevention of exclusion service to DSG spell out	Woodham prevention of exclusion service funded via grant	22,000			M
52	Investing in Children	Income generation	10,000	10,000		M
53	Youth Engagement Service	Rationalised support services	10,000	25,000		M
54	Grants	Remove small grants budget	3,300			M
55	Youth Engagement Service	Provision for software costs – no longer required	12,000			M
E	Surestart support functions			40,000		
F	Building Schools for the future			465,000		
<b>Environment</b>						
56	Landfill Tax	Landfill tax savings arising from increased rates of recycling.	150,000	150,000		M
57	Rechargeable works	Increase in income from rechargeable works undertaken on behalf of developers and from statutory undertakings	77,400	24,500		M

Item	Name	Summary	2008-09 £	2009-10 £	2010-11 £	Impact
58	Parking charges	Increased income from parking charges and enforcement of parking restrictions in Durham District	60,000	57,000		M
59	Travelling Expenses	Reduction in car mileage	8,850	6,000		M
60	Supplies and Services	General efficiency measures	21,500	3,000		M
61	Bus Service data monitoring	Improved performance monitoring through introduction of Electronic Ticket Machine (ETM) technology	7,500			M
62	School Crossing Patrols	Deletion of existing unfilled posts and service rationalisation	26,500			M
63	Road Safety Information and Publicity	A cut in the service currently provided would be partially offset through redirection of funds from the Specific Road Safety Grant	40,000	10,000		M
64	Salaries and Wages	Various staff related restructuring proposals	91,000			M
65	Hardwick Park	Reduction in running costs	6,000			M
66	Community Forest Project	Removal of financial contribution	21,750			M
67	Economic Development and Regeneration	Reduction in Supplies and Services budget.	2,000			M
<b>Chief Executive's Office</b>						
68	Change Programme	Reduction in the Change Programme budget	34,000			M
69	Business Support Division	Rationalisation of staffing.	46,000	26,000		M
70	Human Resources	Reduction in travelling expenses and supplies and services.	34,000	7,000		M
71	Human Resources	Increased income from Service Level Agreements with outside organisations.	13,500			M



Item	Name	Summary	2008-09 £	2009-10 £	2010-11 £	Impact
<b>Corporate Services</b>						
72	Staffing	Rationalisation of staffing	59,500	28,000		M
73	Legal Services	Increase charges for external work above the rate of inflation.	15,000	20,000		M
74	Corporate & Democratic Services	Increase charges for external work above the rate of inflation and additional income generation.	33,500	33,000		M
75	Estates	No longer a requirement for the condition survey budget.	88,000			M
76	Estates	Increase income from disposal and capital fees.	32,000			M
77	Estates	Reduction in supplies and services.	4,500			M
78	Corporate Procurement	Increased income from Service Level Agreements with outside organisations.	3,000	3,000		M
79	Registration Service	Increase in non statutory fees above the rate of inflation.	7,000	7,000		M
<b>County Treasurer</b>						
80	Staffing	Rationalisation of staffing due to system changes	108,000			M
81	Supplies and Services	Reduction in recruitment of staff budget	25,000			M
82	Customer Services	Reduction in call charges following conversion of sites to VOIP (voice over internet provision).	27,000			M
83	Customer Services	Reduction in ICT maintenance contract which is possible due to recent replacement of PC's and servers.	50,000			M
84	Customer Services	Saving in energy costs due to introduction of new PC's.	73,000	31,000		M
85	Customer Services	Rationalisation of staffing.	59,000			M

<b>Item</b>	<b>Name</b>	<b>Summary</b>	<b>2008-09 £</b>	<b>2009-10 £</b>	<b>2010-11 £</b>	<b>Impact</b>
86	Customer Services	Durham Net – DCC’s share of trading surplus on network provider jointly owned with Derwentside District Council.	103,000	144,000		M
	<b>Total Savings</b>		<b>6,143,740</b>	<b>2,002,640</b>		

## Section H - Revenue Budget and Medium Term Financial Plan (MTFP) - Summary of Service Revenue Estimates

### Income and Expenditure Account

In all tables for 2009/10 and 2010/11 references to 'Redistributed Non Domestic Rates' relate to Formula Grant, the split of which between RSG and NNDR is not available

2007/08 Original Budget £	2007/08 Forecast Outturn £		2008/09			2009/10 Net Expenditure £	2010/11 Net Expenditure £
			Gross Expenditure £	Gross Income £	Net Expenditure £		
138,934,674	135,559,000	Adult and Community Services	234,826,758	73,472,463	161,354,295	188,399,632	200,087,122
4,571,828	4,820,000	Chief Executive's Office	5,592,010	3,513,110	2,078,900	2,136,890	2,223,990
83,948,990	85,746,000	Children and Young People's Service	199,397,140	96,687,103	102,710,037	105,800,851	107,174,435
-600,000	495,500	Schools	351,204,571	351,700,071	-495,500	0	0
6,999,800	7,567,000	Corporate Services	25,752,270	18,588,890	7,163,380	7,335,300	7,602,350
874,110	696,000	County Treasurer and Other Services	19,387,640	19,457,010	-69,370	-153,230	-33,900
54,735,490	53,895,000	Environment	87,671,050	24,654,310	63,016,740	66,361,550	75,368,390
17,765,156	2,307,000	General Contingencies	32,508,514		32,508,514	7,198,271	7,305,728
		Transfer Payments - Area Based Grants	3,506,286		3,506,286	4,076,286	3,958,386
		Savings to be identified				-3,046,424	-12,914,071
<b>307,230,048</b>	<b>291,085,500</b>	<b>NET COST OF SERVICES</b>	<b>959,846,239</b>	<b>588,072,957</b>	<b>371,773,282</b>	<b>378,109,126</b>	<b>390,772,430</b>
-1,228,788	-2,524,788	Surplus on trading activities not included in Net Cost of Services			-1,782,960	-1,927,590	-2,077,930
8,124,383	8,124,383	Interest payable and similar charges			7,955,254	10,499,255	12,257,430
-3,529,825	-7,000,000	Interest and investment income			-3,842,103	-3,842,103	-3,842,103
		Area Based Grants			-27,380,479	-44,573,256	-44,198,064
<b>310,595,818</b>	<b>289,685,095</b>	<b>NET REVENUE EXPENDITURE</b>			<b>346,722,994</b>	<b>338,265,432</b>	<b>352,911,763</b>
-150,655,585	-150,655,585	AMOUNT REQUIRED FROM PRECEPTS			-157,151,662	-165,007,865	-173,264,471
-1,859,424	-1,859,424	Estimated net surplus on District Council Collection Funds			-1,917,127	-1,000,000	-1,000,000
-120,410,430	-120,410,430	Revenue Support Grant			-19,735,717		
-20,207,354	-20,207,354	Re-distributed Non Domestic Rates			-141,771,298	-169,121,607	-175,985,975
<b>17,463,025</b>	<b>-3,447,698</b>	<b>SURPLUS (-) / DEFICIT FOR THE YEAR</b>			<b>26,147,190</b>	<b>3,135,960</b>	<b>2,661,317</b>

### Summary of Service Revenue Estimates – Statement of Movement on the General Fund Balance

2007/08 Original Budget £000	2007/08 Forecast Outturn £000		2008/09 £000	2009/10 £000	2010/11 £000
17,463,025	-3,447,698	Surplus (-) / Deficit for the year on the Income and Expenditure Account	26,147,190	3,135,960	2,661,317
-14,884,107	1,880,893	Net additional amount required by statute and non statutory proper practices to be debited or credited to the General Fund Balance for the year	-26,642,690	-3,135,960	-2,661,317
<b>2,578,918</b>	<b>-1,566,805</b>	<b>Increase (-) / Decrease in General Fund Balance for the Year</b>	<b>-495,500</b>	<b>0</b>	<b>0</b>
-11,814,000	-11,814,000	General Fund Balance brought forward	-13,380,805	-13,876,305	-13,876,305
<b>-9,235,082</b>	<b>-13,380,805</b>	<b>General Fund Balance carried forward</b>	<b>-13,876,305</b>	<b>-13,876,305</b>	<b>-13,876,305</b>
<b>-21,215,000</b>	<b>-21,215,000</b>	Balances held by governors under schemes to finance schools - held as earmarked reserves	<b>-13,594,026</b>	<b>-13,594,026</b>	<b>-13,594,026</b>

**Summary of Service Revenue Estimates – Note on Reconciling Items for the Statement of Movement on the General Fund Balance**

2007/08 Original Budget £	2007/08 Forecast Outturn £		2008/09 £	2009/10 £	2010/11 £
		<b>Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance for the Year</b>			
-404,402	-404,402	Amortisation of intangible fixed assets	-59,375	-59,375	-59,375
-21,664,818	-21,314,818	Depreciation and impairment of fixed assets	-21,405,614	-21,405,614	-21,405,614
3,731,055	3,573,055	Government Grants Deferred amortisation	4,224,403	4,224,403	4,224,403
-18,338,165	-18,146,165	<b>Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance for the Year</b>	-17,240,586	-17,240,586	-17,240,586
11,736,840	11,430,840	Minimum revenue provision for capital financing	11,766,332	13,418,626	13,743,269
378,000	378,000	Capital Expenditure charged in-year to the General Fund	0	0	0
1,295,033	1,295,033	Capital Expenditure met from Reserves	1,547,000	1,724,000	1,739,000
13,409,873	13,103,873	<b>Transfers to or from the General Fund Balance that are required to be taken into account when determining the Movement on the General Fund balance for the year</b>	13,313,332	15,142,626	15,482,269
-9,955,815	6,923,185	Net transfer to or from (-) earmarked reserves	-22,715,436	-1,038,000	-903,000
-9,955,815	6,923,185		-22,715,436	-1,038,000	-903,000
<b>-14,884,107</b>	<b>1,880,893</b>	<b>Net additional amount required to be debited to the General Fund balance for the year</b>	<b>-26,642,690</b>	<b>-3,135,960</b>	<b>-2,661,317</b>

## Summary of Service Revenue Estimates – Calculation of Budget Requirement

2007/08 Net Expenditure £	2007/08 Forecast Outturn £		2008/09 Net Expenditure £	2009/10 Net Expenditure £	2010/11 Net Expenditure £
310,595,818	289,685,095	<b>NET REVENUE EXPENDITURE</b>	346,722,994	338,265,432	352,911,763
-14,884,107	1,880,893	<i>Net additional amount required to be debited to the General Fund balance for the year</i>	-26,642,690	-3,135,960	-2,661,317
-2,578,918	1,566,805	<i>Change in General Fund Balance</i>	495,500	0	0
<b>293,132,793</b>	<b>293,132,793</b>	<b>BUDGET REQUIREMENT</b>	<b>320,575,804</b>	<b>335,129,472</b>	<b>350,250,446</b>
		<b>SOURCES OF FINANCE -</b>			
150,655,585	150,655,585	<b>AMOUNT REQUIRED FROM PRECEPTS</b>	157,151,662	165,007,865	173,264,471
1,859,424	1,859,424	Estimated net surplus on District Council Collection Funds	1,917,127	1,000,000	1,000,000
120,410,430	120,410,430	Revenue Support Grant	19,735,717		
20,207,354	20,207,354	Re-distributed Non Domestic Rates	141,771,298	169,121,607	175,985,975
<b>293,132,793</b>	<b>293,132,793</b>	<b>TOTAL FINANCING</b>	<b>320,575,804</b>	<b>335,129,472</b>	<b>350,250,446</b>
151,338.12	151,338.12	<i>Council Tax Base (Equivalent Number of Chargeable 'Band D' Dwellings</i>	153,411.49	153,411.49	153,411.49
995.49	995.49	<i>Basic Council Tax' (Per Chargeable 'Band D' Dwelling)</i>	1,024.38	1,075.59	1,129.41

## Summary of Service Revenue Estimates -

### Executive Summary of Services' Expenditure

	<b>2007/08 Original Budget £</b>	<b>2007/08 Projected Outturn £</b>	<b>2008/09 Original Budget £</b>	<b>2009/10 Original Budget £</b>	<b>2010/11 Original Budget £</b>
<b>Service Specific</b>					
Expenditure:					
Employees	460,589,891	459,020,540	479,804,835	490,938,972	505,121,000
Premises	32,659,950	34,018,400	35,941,214	36,500,806	36,863,727
Transport	27,360,273	28,346,580	28,886,156	29,799,712	30,467,154
Supplies and Services	136,001,742	141,452,344	152,072,714	154,356,851	154,928,932
Agency and Contracted Services	197,529,894	196,872,760	211,381,756	222,635,929	241,437,131
Transfer Payments	4,539,809	5,559,770	4,824,445	4,931,470	4,988,635
Central Support	50,205,215	51,085,821	48,252,825	48,893,564	49,452,253
Other	0	1,000,000	0	0	0
Capital Charges	22,820,425	22,186,135	21,586,248	21,740,178	21,897,188
Less: Government Grants Deferred	-3,731,055	-3,573,055	-4,203,204	-4,214,584	-4,226,184
<b>GROSS EXPENDITURE</b>	<b>927,976,144</b>	<b>935,969,295</b>	<b>978,546,989</b>	<b>1,005,582,898</b>	<b>1,040,929,836</b>
Income:					
Recharges to Other Services	125,844,742	130,169,006	142,473,018	145,369,037	147,440,508
Other Income	513,895,298	518,250,577	502,098,449	492,260,458	503,144,871
<b>NET EXPENDITURE</b>	<b>288,236,104</b>	<b>287,549,712</b>	<b>333,975,522</b>	<b>367,953,403</b>	<b>390,344,457</b>
<b>Non - Service Specific Items</b>					
General Contingencies	17,765,156	2,307,000	32,506,514	7,198,271	7,305,728
Transfer Payments - Area based Grants			3,506,286	4,076,286	3,958,386
Savings to be identified				-3,046,424	-12,914,071
Trading Activities		-1,296,000			
Interest Payable and similar charges	8,124,383	8,124,383	7,955,254	10,499,255	12,257,430
Interest and investment income	-3,529,825	-7,000,000	-3,842,103	-3,842,103	-3,842,103
Area Based Grants			-27,380,479	-44,573,256	-44,198,064
<b>NET REVENUE EXPENDITURE</b>	<b>310,595,818</b>	<b>289,685,095</b>	<b>346,720,994</b>	<b>338,265,432</b>	<b>352,911,763</b>

## Projected Balance Sheet



## Projected Cash Flow

## Personnel Budget

### Summary

Nature of Employment (1)	Number of Employees as at 31 March 2007		Estimated Number of Employees as at 31 March 2008		Estimated Expenditure on Employees 2007/08 (5) £	Estimated Number of Employees as at 31 March 2009		Estimated Expenditure on Employees 2008/09 (8) £	Estimated Number of Employees as at 31 March 2010		Estimated Expenditure on Employees 2009/10 (11) £	Estimated Number of Employees as at 31 March 2011		Estimated Expenditure on Employees 2010/11 (14) £
	Full Time (2)	Part Time (3)	Full Time (3)	Part Time (4)		Full Time (6)	Part Time (7)		Full Time (9)	Part Time (10)		Full Time (12)	Part Time (13)	
<b>Service- Adult and Community Services</b>	1,485	1,536	1,383	1,387	60,315,423	1,449	1,457	62,552,874	1,467	1,457	64,922,035	1,487	1,457	67,488,618
<b>Chief Executive's Office</b>	186	24	224	32	8,037,110	84	16	3,620,260	84	16	3,710,300	84	16	3,828,980
<b>Children and Young People's Services</b>	1,498	537	1,539	653	59,544,757	1,705	665	70,115,081	1,705	665	71,867,958	1,705	665	73,664,657
<i>Schools</i>	6,514	4,436	6,978	4,720	252,187,773	7,005	4,730	259,457,488	7,005	4,730	265,693,890	7,005	4,730	271,824,166
<b>Corporate Services -</b>	310	52	320	57	11,360,340	320	57	10,422,080	320	57	10,715,850	320	57	11,057,430
<b>County Treasurer</b>	137	17	130	21	4,367,500	274	44	9,827,350	270	44	10,076,570	270	44	10,399,250
<b>Environment -</b>	524	293	524	291	15,883,620	558	295	19,103,500	558	295	19,669,470	558	295	20,218,700
<b>Service Direct</b>	671	339	662	335	23,130,980	662	335	23,688,960	662	335	24,820,520	662	335	24,886,860
	11,325	7,234	11,760	7,496	434,827,503	12,057	7,599	458,787,593	12,071	7,599	471,476,593	12,091	7,599	483,368,661
		3,045		3,123			3,224			3,224			3,223	

These numbers include only direct employee costs, National Insurance and Pensions. The variance between them and total employee costs, shown in the Service Commentaries are training, compensation and agency staff.

## Section I - Revenue Budget and Medium Term Financial Plan (MTFP) - Service Commentaries – Revenue and Personnel

The following Service reports have been prepared jointly by the County Treasurer and the relevant Corporate Directors.

### Adult and Community Services

#### Executive Summary

1 Adult and Community Services operate in an environment of significant risk both operationally and financially. The key financial risks are in the medium term detailed below:

- Continued increase in demographic demand especially in older people and learning disability services.
- Demands for price increases significantly above inflation from care providers whose cost base is particularly subject to minimum wage increases.
- Impact of the implementation of new criteria for Continuing Health Care.
- Impact of the introduction of Area based grant
- Impact of the Government policy of personalisation and choice
- Public expectation in the continued improvement in the quality of services provided.

2 Against this background, the Service continues to robustly challenge both the costs of in-house and externally provided services. The Service is also ensuring that services are provided to our clients on a consistent basis that partners provide joint funding where necessary and that income is maximised wherever possible.

3 Investments have been targeted to key service developments and are focused upon County Council Priorities. At the same time, wherever possible, savings have been identified which do not impact upon front-line services.

4 Investment and savings presently included in the Medium Term Financial Plan for 2008/09 are detailed below. The total revenue budget position is also included:

	£
Additional Investment	4,700,000
Savings to be achieved	2,609,000
<b>Revenue 2008/09 Budget</b>	
Gross Expenditure	234,826,758
Income	73,472,463
<b>Net Expenditure</b>	<b><u>161,354,295</u></b>

5. The Government has also recently announced a new 'Social Care Reform Grant' initially for a three year period. This new grant is ring-fenced and is to be utilised to enable local authorities to meet the Government's policy drive of personalisation and prevention. The sums available over the next three years are as follows

	£
2008/09	966,000
2009/10	2,259,000
2010/11	2,789,000

- 6 The Service will continue to manage and monitor budgets robustly whilst focusing upon achieving Value for Money. The Value for Money theme is key within the savings proposals where efficiencies are sought in areas such as, contract review, reduced residential placements, review of in-house provision and reviewing out of county care placements.
- 7 These efficiency savings have been identified as part of the Service's programme of utilising benchmark and performance management information in the quest to obtain optimum Value for Money.
- 8 The 2008/09 Revenue budget will enable Adult and Community Services to continue to provide high quality services against a background of improvement in performance. Budgets will be monitored and managed robustly with reports on key risks being channelled through to Corporate Management Team and Cabinet in line with the County Treasurer's timetable.

## Medium Term Plan

	2007/08 Original Budget £	2007/08 Projected Outturn £	2008/09 Original Budget £	2009/10 Original Budget £	2010/11 Original Budget £
<b>Expenditure:</b>					
Employees	60,788,656	61,296,000	63,133,843	65,491,031	68,068,993
Premises	4,601,921	5,049,000	4,867,265	4,936,270	5,006,654
Transport	4,428,926	4,492,000	4,507,051	4,596,935	4,688,874
Supplies & Services	9,482,759	10,305,000	10,039,872	10,219,324	10,412,364
Agency and Contracted Services	136,006,745	135,894,000	144,034,085	153,250,376	162,483,993
Transfer Payments	0	0	0	0	0
Central Support	8,051,967	7,348,000	7,066,847	7,066,847	7,066,847
Capital Charges	1,516,842	1,162,000	1,177,795	1,177,795	1,177,795
<b>GROSS EXPENDITURE</b>	<b>224,897,964</b>	<b>225,546,000</b>	<b>234,826,758</b>	<b>246,738,578</b>	<b>258,906,520</b>
<b>Income:</b>					
Recharges to other services	3,779,667	4,088,000	3,867,023	3,882,142	3,897,563
Other Income	82,163,474	85,899,000	69,605,440	69,253,976	69,841,803
<b>NET EXPENDITURE</b>	<b>138,934,674</b>	<b>135,559,000</b>	<b>161,354,295</b>	<b>173,602,460</b>	<b>185,166,154</b>

## Investments

9 In 2008/09, additional investment of £4,700,000 has been identified as well as additional funding in the base budget to cover the above inflation costs of fee increases for independent sector Residential and Home Care Providers.

10 Additional investments are focused, in the main, upon the County Council Improvement Priorities as detailed below:

### Improvement Priority

- Protecting and supporting vulnerable adults – focus on preventative services for adults with learning disabilities and older people

11 The key issues in relation to investments are detailed below:

- An additional £2,650,000 for additional volume demands from the Learning Disability Service. This investment will cover the cost of the full-year impact of additional services provided in 2007/08, will provide preventative support to older carers, will provide additional support to ageing learning disability clients and ensure that an estimated 60 learning disability clients of school leaving age receive the required level of care.

- An additional £850,000 to ensure that additional volume demands are met for Older People's services whilst at the same time maximising clients' ability to retain their independence.
- An additional £800,000 to reinstate lost income from Government Grants and Supporting People.
- Investing £400,000 to continue the Day Service Improvement process in Derwentside and to begin the process in Easington.

12 In the medium term the Service has identified a range of budget pressures and pre-committed service developments that will require additional funding. At this stage, the sums identified are as follows:

	£
2009/10	4,500,000
2010/11	4,500,000

13 The areas identified for additional funding are in line with the 2008/09 budget proposals, namely:

- Additional volume demands in the Learning Disability Service
- Additional demographic driven volume demands in the Older Peoples Service with a particular focus upon promoting independence
- Replacement of lost income from Government Grants and Supporting People
- Continued roll out of Day Service Improvement/Valuing People Agenda

14 The Government has also recently announced a new 'Social Care Reform Grant' initially for a three year period. This new grant is ring-fenced and is to be utilised to enable local authorities to meet the Government's policy drive of personalisation and prevention. The sums available over the next three years are as follows:

	£
2008/09	966,000
2009/10	2,259,000
2010/11	2,789,000

## Savings

15 The savings to be achieved by the Service in 2008/09 amount to £2,609,000. At this stage, a saving of £370,000 has been identified for 2009/10 although the Service recognises there may be a need to identify further savings for the period of the Medium Term Plan.

16 The savings to be achieved by the Service in 2008/09 will be a major challenge with there being 31 areas where savings are identified. Wherever possible front-line service provision has been protected with the key savings themes being as follows:

- Reviewing the price paid for care services and reducing/freezing prices wherever possible.
  - Procuring similar levels of service from alternative providers but at lower prices.
  - Reducing our reliance upon residential care as a means of caring for the elderly.
  - Reviewing client needs and reducing provision where assessed as reasonable.
  - Maximising income and utilising additional grant funding.
  - Continuing to challenge our in-house unit costs to bring more in line with external providers.
  - Reviewing provision of transport to clients, maximising alternative provision and promoting independence.
- 17 Although efficiencies have been achieved wherever possible, savings of this magnitude are always likely to result in cuts in service provision. Wherever possible, however, front-line services have been protected.

### **Variation between years**

- 18 The variation in budget between financial years relates in the main to additional growth, savings, the impact of Government Grant changes and the application of price, pay and private sector inflation. The key changes in relation to Government Grants are detailed below:
- Grants totalling £7,661,000 in relation to Access and Systems Capacity and Delayed Discharges have been transferred into the County Council's Revenue Support Grant.
  - A number of grants totalling £8,453,000 have been transferred into the new 'Area Based Grant'.
  - The introduction of the new 'Social Care Reform Grant' in 2008/09 of £966,000.

### **Implications for the Service**

- 19 The Medium Term Financial Plan clearly links with the County Council's Improvement Priorities. The focus of the Service is to secure positive outcomes for the community, and specifically:
- To improve health and wellbeing
  - To improve quality of life

- To help people make a positive contribution
  - To improve choice and control
  - To promote freedom from discrimination
  - To promote economic wellbeing
  - To promote personal dignity
  - To improve leadership
  - To improve commissioning and use of resources
- 20 The Service Business Plan 2008-2011 is focused upon these outcomes with finance targeted to areas where improvements are necessary.
- 21 The Medium Term Financial Plan also reflects the significant legislative changes which are impacting upon the Service. These include the Mental Health Capacity Act 2005, the 'Our Health, Our Care, Our Say' White Paper and the new Green Paper on Adult Social Care which has been recently announced by the Government.

## **Risk**

- 22 Risk Assessment is an integral element of the Service's approach to financial management. The financial pressures faced by the Service are volatile with robust budget monitoring and appropriate reporting required to ensure managers have timely information available on which to base operational decisions.

The key financial risks facing the Service over the medium term are detailed below:

- Demographic demands across all client types could be higher than forecast. It is extremely difficult to accurately forecast these demands especially in the Older People's Service. Activity in all of the major commissioning areas is monitored on a monthly basis. This ensures that an early warning can be given for the County Council to take corrective action.
- The savings to be achieved in 2008/09 have been risk assessed with a range identified as being high risk. Action plans are being developed for these risks with progress being reported to management teams initially on a monthly basis.
- The impact of job evaluation is not yet known but could be a significant financial risk to both the Service and the County Council.
- Our health partners continue to face significant financial pressures. The Service is reliant upon joint funding in a range of areas which is likely to come under increased scrutiny.

## **Value for Money**

- 23 The Service continues to make significant progress in driving performance improvement. Central to this has been the systematic approach taken to



performance management and which involves the use of balanced scorecard. Built around Performance Assessment Framework (PAF) domains and making full use of PAF, Delivery Improvement Statement and local indicators, scorecards are reviewed by managers at quarterly strategic and operational level performance sessions. Action plans are developed at these sessions and their implementation and success or otherwise of their impact monitored.

## **Partnership**

24 The Service utilises a range of Partnership arrangements, both formal and informal, to provide cost effective and high quality services. These Partnerships are with Health, District Councils, the Government via GONE and with the voluntary sector. Issues of particular note for the future are as follows:

- The Service and the County Durham PCT are reviewing the present integrated team arrangements for Older People's services.
- The Service and the Tees, Esk and Wear Valley Priority Services Trust are reviewing the integrated team arrangements for Learning Disability services.
- Work is ongoing with the County Durham PCT into joint work in relation to Needs Assessment and Commissioning.

## **Sustainability**

25 Corporate Procurement are utilised as advisors in all major purchasing decisions to ensure that best practice is followed by all service providers. The Energy Management Unit also advise on optimum methods of utilising energy resources in all of the Services building.

## **Equalities Impact**

26 The Service's inspection regimes have a clear regard to the equalities agenda and, as such, robust performance measurement systems are in place to monitor activity. All business cases for both growth and savings include information in relation to the impact upon the equalities agenda to ensure that this issue is considered in all major investments/ disinvestments.

## Personnel Summary

### Adults and Community Services

Nature of Employment (1)	Number of Employees as at 31 March 2007		Estimated Number of Employees as at 31 March 2008		Estimated Expenditure on Employees 2007/08	Estimated Number of Employees as at 31 March 2009		Estimated Expenditure on Employees 2008/09	Estimated Number of Employees as at 31 March 2010		Estimated Expenditure on Employees 2009/10	Estimated Number of Employees as at 31 March 2011		Estimated Expenditure on Employees 2010/11
	Full Time (2)	Part Time (3)	Full Time (3)	Part Time (4)	(5)	Full Time (6)	Part Time (7)	(8)	Full Time (9)	Part Time (10)	(11)	Full Time (12)	Part Time (13)	(14)
					£			£			£			£
Adult and Community Services- Service Strategy	0	0	1	0	154,840	1	0	158,337	1	0	163,399	1	0	168,614
Social Inclusion	0	0	65	5	1,903,022	46	22	2,177,698	46	22	2,194,731	46	22	2,265,557
Planning and Performance	0	0	89	28	3,526,873	100	20	3,594,089	100	20	3,709,640	100	20	3,828,684
Commissioning (Inc Supporting People)	0	0	9	0	1,283,186	42	5	1,554,477	42	5	1,604,419	42	5	1,655,870
Adult Services-														
Learning Disability Teams	0	0	42	18	2,178,543	35	12	1,597,809	35	12	1,649,414	35	12	1,702,583
Learning Disability Provider Service	0	0	173	245	10,037,708	192	258	10,518,335	212	258	11,357,538	232	258	12,219,515
Mental Health Teams	0	0	47	13	2,142,019	65	8	2,452,342	65	8	2,530,703	65	8	2,611,423
Mental Health Provider Service	0	0	24	8	829,682	25	6	815,078	23	6	791,352	23	6	817,171
Promoting Independence Teams	0	0	275	73	8,052,661	229	51	8,464,240	229	51	8,735,970	229	51	9,015,907
Promoting Independence Provider Service	0	0	327	735	18,172,225	348	747	18,582,599	348	747	19,170,704	348	747	19,776,416
Strategic Finance	0	0	11	0	480,086	11	0	541,619	11	0	549,009	11	0	560,675
Business Support	0	0	149	113	5,467,976	176	111	5,691,867	176	111	5,865,832	176	111	6,054,103
Learning Libraries and Culture	0	0	171	149	6,086,602	179	217	6,404,384	179	217	6,599,324	179	217	6,812,100
<b>Totals</b>	1485	1536	1383	1387	60,315,423	1449	1457	62,552,874	1467	1457	64,922,035	1487	1457	67,488,618
Full time equivalent of part time staff		758		784.13			805.18			805.17			803.9	

Due to a new service structure in 2007/08 comparative figures are not available for 2006/07

## Chief Executive's Office (CEO)

	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Original Budget	2009/10 Original Budget	2010/11 Original Budget
	£	£	£	£	£
<b>Expenditure:</b>					
Employees	8,728,460	8,330,590	3,767,130	3,860,000	3,981,570
Premises	287,180	575,550	25,660	26,170	26,690
Transport	222,970	250,290	29,500	30,090	30,690
Supplies and Services	7,076,690	7,634,740	881,510	905,030	923,130
Agency and Contracted Services					
Transfer Payments					
Central Support	1,402,150	1,306,090	888,210	905,980	924,100
Capital Charges	99,450	99,450			
Less : Govt.Grants Deferred	-161,952				
<b>GROSS EXPENDITURE</b>	<b>17,654,948</b>	<b>18,196,710</b>	<b>5,592,010</b>	<b>5,727,270</b>	<b>5,886,180</b>
Income:					
Recharges to other services	11,015,510	11,566,330	2,579,470	2,631,070	2,683,690
Other income	2,067,610	1,809,930	933,640	959,310	978,500
<b>NET EXPENDITURE</b>	<b>4,571,828</b>	<b>4,820,450</b>	<b>2,078,900</b>	<b>2,136,890</b>	<b>2,223,990</b>

## Executive Summary

- 1 The Chief Executive's Office (CEO) comprises of Corporate Policy and Strategy, Corporate Communications and Human Resources (HR). HR was formerly a part of Corporate Services. Services which were previously included in the CEO are Customer Services, now part of County Treasurer and Other Services, and Economic Development and Regeneration, which has transferred to Environment.
- 2 The CEO supports the Chief Executive and Corporate Management Team in realising the County Council's mission, corporate aims and strategic objectives. The CEO promotes effective corporate leadership in the Council through strategic planning, supporting partnership working and implementing performance management, and ensuring that the Council is responsive to the needs of the community through information, research and community engagement. The HR Division provides guidance and support to Services in the formulation, implementation and monitoring of employment policies and procedures, and ensures that employees within the Council get the right development to ensure skills and behaviours meet service needs.

### **Investments**

- 3 The CEO have made no requests for investment during the period covered by this plan.

### **Savings**

- 4 Target savings of £128,000 have been identified for 2008/09 and a further £33,000 for 2009/10. These savings will mainly be achieved through a small reduction in staffing, changes to working practices and increasing income earned from outside bodies.

### **Significant Variation Between Years**

- 5 The projected outturn is higher than original budget in 2007/08 mainly due to a transfer from reserves to fund the initial costs associated with the Corporate Contact Centre. The budget reduces considerably from 2008/09 onwards mainly due to the transfer of Customer Services and Economic Development and Regeneration Divisions from the CEO.

### **Implications for the Service over the 3 years**

- 6 During this plan period, the following service priorities are to be addressed:
- Rationalisation of corporate communications across the Authority
  - Modernisation of the pay structure to reflect the needs of the organisation whilst addressing equal pay and reward issues

### **Partnership Working**

- 7 The County Council is the accountable body to the County Durham Partnership Framework and the CEO plays a significant role in ensuring that benefits from the Local Area Agreement are realised.

## Personnel Summary

### Chief Executive's Office

Nature of Employment (1)	Number of Employees as at 31 March 2007		Estimated Number of Employees as at 31 March 2008		Estimated Expenditure on Employees 2007/08 (5) £	Estimated Number of Employees as at 31 March 2009		Estimated Expenditure on Employees 2008/09 (8) £	Estimated Number of Employees as at 31 March 2010		Estimated Expenditure on Employees 2009/10 (11) £	Estimated Number of Employees as at 31 March 2011		Estimated Expenditure on Employees 2010/11 (14) £
	Full Time (2)	Part Time (3)	Full Time (3)	Part Time (4)		Full Time (6)	Part Time (7)		Full Time (9)	Part Time (10)		Full Time (12)	Part Time (13)	
Chief Executives Office														
Management & Administration	21	1	14	2	858,650	14	2	759,400	14	2	757,560	14	2	781,590
Corporate Policy & Communications	22	0	26	0	854,580	28	0	944,560	28	0	974,950	28	0	1,006,260
Economic Policy & Regeneration	42	3	40	4	1,493,880			0			0			0
Local Area Agreement			4		65,720	4		48,890	4		50,380	4		51,910
Customer Services	88	14	128	20	4,282,940			0			0			0
Design & Print	13	6	12	6	481,340			0			0			0
Human Resources					0	31	10	1,444,960	31	10	1,491,430	31	10	1,539,300
Occupational Health					0	7	4	412,700	7	4	425,920	7	4	439,550
<b>Totals</b>	<b>186</b>	<b>24</b>	<b>224</b>	<b>32</b>	<b>8,037,110</b>	<b>84</b>	<b>16</b>	<b>3,610,510</b>	<b>84</b>	<b>16</b>	<b>3,700,240</b>	<b>84</b>	<b>16</b>	<b>3,818,610</b>
Full time equivalent of part time staff		14		19			10			10			10	

## Children and Young People's Services

	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Original Budget	2009/10 Original Budget	2010/11 Original Budget
	£	£	£	£	£
<b>Local Authority</b>					
<b>Expenditure -</b>					
Employees	64,097,455	63,374,345	77,051,634	78,530,003	80,192,120
Premises	2,759,745	2,833,276	4,054,460	4,091,007	4,112,644
Transport	16,393,540	17,075,870	17,249,196	17,874,918	18,248,061
Supplies and Services	56,400,929	60,189,069	60,856,739	62,252,814	61,466,785
Agency and Contracted	10,021,339	10,326,600	10,405,511	10,248,172	10,803,191
Transfer Payments	2,182,039	3,202,000	2,321,675	2,378,700	2,335,865
Central Support	13,792,933	16,445,422	18,401,676	18,447,245	18,436,754
Capital Charges	12,527,304	12,527,304	12,690,533	12,690,533	12,690,533
Less: Government Grants Deferred	-3,023,035	-3,023,035	-3,634,284	-3,634,284	-3,634,284
<b>GROSS EXPENDITURE</b>	175,152,249	182,950,851	199,397,140	202,879,109	204,651,669
<b>Income -</b>					
Recharges to Other Services	5,691,550	7,815,616	11,838,512	11,838,512	11,838,512
Other Income	85,511,709	89,417,766	84,848,591	85,239,745	85,638,721
<b>NET EXPENDITURE</b>	83,948,990	85,717,469	102,710,037	105,800,852	107,174,435

- 1 The Children and Young People's Service (CYPS) is still under development, and the reshaped business support and strategic commissioning services, together with Local Children's Boards are expected to be in place by April 2008. The scope of the service continues to expand. The Connexions Service, with a budget of about £5m, will be integrated into CYPS from April 2008, as part of a new Area Based Grant. Connexions provides advice and guidance to young people, including careers advice, and has a particular responsibility for improving the number of students not in employment, education or training (NEET). By 2011 the service will face a very significant expansion as both budget and staff for all 16-19 education and skills work is transferred from what is now the Learning and Skills Council. Department for Children, Schools and Families (DCSF) consultation about this change is expected during Summer 2008.
- 2 The service faces continuing pressures and policy changes emanating from Government decisions and regulation. Examples being the introduction of Extended Transport options for the most deprived secondary age pupils (funded by Standards Fund Grant); the phased implementation of national minimal standards for Fostering Allowances; Early Years entitlement for 3 / 4 year olds extending to 15 hours for 38 weeks of the year (Standards Fund Grant); targets for take up of School Meals and nutritional standards (Standards Fund Grant); introduction of 14 to 19 Diplomas (Specific Grant); changes to School Funding regulations and the constitution of DCC Schools Forum with particular emphasis on a review of Early Years' funding (Dedicated Schools Grant).
- 3 The range of grants available to the service is often subject to change and 2008/09 is no exception. The first budget challenge was that £1.774m of Specific Children's Services Grant has been transferred to within Revenue

Support Grant. This amount has been secured in the base service budget as it is essential for Adoption Services, support to Vulnerable Children, to sustain a Strategic Commissioning Unit and to continue the development of a Children's Trust and Local Children's Boards.

- 4 A new Area Based Grant has been introduced by the Government for 2008/09 that brings together 13 former Standards Fund grants for the likes of Primary and Secondary School improvement, Secondary Transport and Extended Schools. Grant in this area can be carried forward from year to year. Other grants which are brought together under this banner, and are managed by CYPS, include the Children's Fund, CAMHS, Teenage Pregnancy, Children's Social Care Workforce Development and Connexions. This funding supports a whole range of, predominantly ongoing, service objectives and priorities. In total there is about £13m of Area Based Grant managed by CYPS.
- 5 £35,000 of support costs associated with operating a School Crossing Patrol Service have been transferred to the Environment Service who will manage the whole operation as part of their Road Safety Team from April 2008. CYPS has also contributed £52,500 towards the establishment of a Corporate Call Centre and £69,000 for an ICT Renewals Fund.
- 6 The main service priorities are summarised in the Children and Young People's Plan 2006/2009.
- 7 A review carried out in 2007 demonstrates significant improvement to outcomes in many areas. For example:
  - GCSE results were the best ever and improved at twice the national rate
  - GCSE results for Looked After Children were almost twice the national figure
  - Homelessness was reduced by two thirds
  - Secondary school attendance improved for the 7<sup>th</sup> year running
  - Social care services were judged as excellent based on strong safeguarding and specialist services
  - Many more children are involved in sport
- 8 We have also made much progress in developing our strategic plans. Several key strategies are now in place, such as for Family Support, for Emotional Well Being and for tackling young people Not in Education, Employment and Training (NEET).
- 9 Our Children's Trust is now established and our Local Children's Boards are being set up. There is a tremendous will from all partners to work together and this will be turned into further action over the next few years. Commitment is expressed at the highest levels through priorities in corporate plans and the Local Area Agreement.
- 10 The CYPS officer Leadership Team has agreed on the need to maintain staffing levels in services that are frontline, supporting schools and pupils, and protecting the most vulnerable children in County Durham. Delivery of

statutory functions remains paramount, especially where there are links to key performance indicators. Maximising the use of grants and other funding streams, open discussion about services that may be good and desirable but not absolute priority, the need to have effective and efficient support services, to eliminate duplication and the difficulties of managing demand led services, have been an important aspect of our planning. Budget debate has highlighted the need to look at the scope for investment in preventative strategies that in the medium to long term would reduce pressures and demand on specialist services.

- 11 A Joint Area Review of CYPS and associated County Durham Support Services took place in the Summer of 2007 and the outcome was a good rating overall, with some outstanding areas such as school improvement for which we have Beacon Status. There are no specific budget implications arising from external inspection although it was restated that the County Council continues to be a comparatively low spender on Youth Service provision, and this has been addressed in this year's budget settlement. The need to ensure improved "places to go, things to do" for young people has been identified as a key priority in the Children and Young People Plan.

### **Value for Money**

- 12 The theme of better value for money (VFM) runs through the Medium Term Budget strategy. It is exemplified by the new Post 16 Transport policy, schemes to reduce surplus places in schools, the reduction in service management costs and the work to maximise the effectiveness of the deployment of various grants. The continuing Adoption Invest to Save is an attempt to secure more, long term adoption placements as an alternative to more costly, less beneficial options for children. The County Council's success in minimising the number of pupils placed in independent special schools brings funding benefits within the Dedicated Schools' Grant (DSG). From 2010/11, the Building Schools for the Future (BSF) programme should start to deliver better VFM with state of the art premises, better design, lower running and maintenance costs and better outcomes for pupils. Using the flexibility offered by multi-year DSG budgets, advanced spend on capitalised repair and maintenance of school buildings has brought quicker solutions to outstanding problems and better VFM due to high building cost inflation.
- 13 The County Council makes use of annual Department for Children, Schools and Families Section 52 statistics for benchmarking purposes. An indication of VFM is the fact that DCC has been one of the lowest spenders per pupil on "statutory and regulatory duties" since the data was first published; this position was maintained in 2007/08 with spend at £0.73m below the County Council's average and lower than all, but one, of the Council's ten statistical neighbours.

### **Risk**

- 14 In preparing the current Medium Term Financial Plan, the Service is aware of key risks particularly associated with vulnerable children and the demand led



areas of the budget. A small overspend is expected for 2007/08, mainly due to escalating transport costs. Estimating the level of inflation on transport contract hire, in particular, is a crucial factor and it is hoped that the outcome of a significant re-tendering exercise in January 2008 will show that the base budget planned for 2008/09 should be adequate.

- 15 There are concerns about reduced grant from the Learning and Skills Council which affects the Education in the Community budget. However funds from 2007/08 have been consolidated in the base service budget and this significantly improves the position.
- 16 A modest rise in the number of independent special school places can have a significant affect on the funds available via the DSG and charges against the agency budget. Direct Payments and private provider Early Years placements show an upward trend and are driven by parental choice; both are subject of budget growth in 2008/09.
- 17 The Department for Children Schools and Families (DCSF) has made decisions on School Funding which pose a significant risk for schools from 2011/12, with a possible move to formularise the DSG, ignoring existing spending levels in Local Authorities. This might have a major impact on the funds available for school budgets.
- 18 Consolidation of grants and the creation of an Area Based Grant, may bring with it some challenges if there are gains and losses between schools, or if Local Authority grants cease. Across the Service, including schools, progress with equal pay claims and Job Evaluation was expected during early 2008 and it is important that funds for any back payments and future pay costs are provided; otherwise direct service provision will be at risk.
- 19 An Adoption Invest to Save strategy that was started in 2006/07 has not secured as many places as originally anticipated and this may mean that expected efficiency benefits planned for 2008/09 and 2009/10 will not be as high as originally estimated.

## **Investment**

- 20 Budget Growth of £1.796m has been possible for 2008/09. A key focus has been support to vulnerable children, with more resources to meet the cost of Direct Payments to the increasing number of parents who exercise their right to care for disabled children in their home environment. Extra funds are earmarked for foster carers to move towards the national minimum foster carer allowance; for, increased transport spend on Looked After Children; to meet increasing legal costs associated with child care proceedings; resources to improve the frequency of CRB checks; and for extra funding to assist Looked After Children through their university education.
- 21 Spending on the Youth Service has been increased considerably to bring County Durham much closer to the average spend by County Councils and extra funds will benefit Community Associations and Community Support arrangements.

- 22 The large capital investment programme of Building Schools for the Future, which will support the transformation of the County's Secondary Schools, has reached the point where the main partner/contractor is near to being appointed. Work is underway at Durham Johnson School and planning is advanced for the first schools in East Durham and Sedgfield. The implementation and development fund has been enhanced in 2008/2009 to ensure that the business plan can be delivered. The budget requirement will peak in 2008/2009 and begin to reduce thereafter.
- 23 A schedule of CYPS items for investment for 2008/09 is included in Annex G1.

### **Savings**

- 24 A package of Service savings will be taken forward with a value of £2.2m in 2008/09 which represents about 3.4% of the original 2007/08 budget managed by the Corporate Director of CYPS.
- 25 Cost benefits will arise from more efficient ways of working such as consolidated support functions in the new CYPS, plus reduced operating costs for the Youth Engagement Service, the Education Business and Learning Organisation and Curriculum and Professional Development for school based staff.
- 26 A number of budget strategies will produce savings across more than one financial year:-
- Alternate provision to day nurseries (Sept 2007 start)
  - A revised Post-16 Transport policy (Sept 2007 start).
- 27 Maximising grant income is another strategy that will allow the service revenue budget to be reduced. In 2008/09 there will be some redirection of costs into the DSG and further revenue costs will be offset against Sure Start Grants.
- 28 A schedule of service savings for 2008/09 onwards is shown in Annex G2.

## School Funding and the Dedicated Schools Grant

	2007/08	2007/08	2008/09	2009/10	2010/11
	Original	Projected	Original	Original	Original
	Budget	Outturn	Budget	Budget	Budget
	£	£	£	£	£
<b>DSG</b>					
<b>Expenditure -</b>					
Employees	268,192,361	267,967,255	270,255,608	275,725,708	283,670,408
Premises	19,749,044	20,084,334	21,139,009	21,469,009	21,619,009
Transport	1,546,217	1,586,200	1,733,359	1,833,359	1,933,359
Supplies and Services	39,325,004	39,325,355	49,117,723	49,567,723	50,367,723
Agency and Contracted	3,019,000	3,471,000	3,299,400	3,399,400	3,499,400
Transfer Payments	2,357,770	2,357,770	2,502,770	2,552,770	2,652,770
Central Support	9,311,565	8,597,419	3,156,702	3,356,702	3,556,702
Capital Charges			0	0	0
<b>GROSS EXPENDITURE</b>	<b>343,500,961</b>	<b>343,389,333</b>	<b>351,204,571</b>	<b>357,904,671</b>	<b>367,299,371</b>
<b>Income -</b>					
Recharges to Other Services	27,279,515	27,386,000	33,276,513	34,276,513	34,276,513
Other Income	316,821,595	315,507,831	318,423,558	323,628,158	333,022,858
<b>NET EXPENDITURE</b>	<b>-600,149</b>	<b>495,502</b>	<b>-495,500</b>	<b>0</b>	<b>0</b>

- 29 DCSF priorities for School Funding are personalisation, to raise the attainment of individual pupils and extra support to those schools which face the highest levels of deprivation. The Schools Funding settlement is not as generous as in previous years. Finance staff have estimated we will have a DSG of £273.5m in 2008/09 which only represents a £6.1m cash increase (2.3%). Falling rolls are significant with as many as 1,400 fewer pupils in schools between financial years. This is worth about a £5.4m reduction in DSG.
- 30 Priorities for budget growth, subject to resources being sufficient once January 2008 pupil numbers are known, are likely to be focused on:
- Pay awards and inflation
  - SEN provision in mainstream schools
  - deprivation funding
  - independent and DCC special school places
  - personalised learning
  - BSF school running costs
  - Key Stage 1 attainment
  - Key Stage 4 attainment
  - shared use schools
  - SEN outreach nurseries
  - support for Polish speaking children
  - fixed term exclusions 6<sup>th</sup> day costs
  - Every Child Matters initiatives
- 31 There will be funds to redirect within the DSG as a result of falling rolls, school reorganisations and a review of nursery unit and nursery school capacities.

Durham County Council Schools' Forum considered budget options for the next 3 year planning cycle 2008/09 to 2010/11 when it met in December 2007 and will take final decisions in February 2008, once there is more certainty about the level of funds available.

## Personnel Summary

### Children and Young People's Service

Nature of Employment (1)	Number of Employees as at 31st March 2007		Number of Employees as at 31st March 2008		Estimated Expenditure on Employees 2007/08 (5) £	Number of Employees as at 31st March 2009		Estimated Expenditure on Employees 2008/09 (8) £	Number of Employees as at 31st March 2010		Estimated Expenditure on Employees 2009/10 (11) £	Number of Employees as at 31st March 2011		Estimated Expenditure on Employees 2010/11 (14) £
	Full Time (2)	Part Time (3)	Full Time (3)	Part Time (4)		Full Time (6)	Part Time (7)		Full Time (9)	Part Time (10)		Full Time (12)	Part Time (13)	
<b>Children &amp; Young People's Service -</b> Local Authority Funded														
Access and Inclusion						95	34	4,488,800	95	34	4,601,020	95	34	4,716,046
Achievement Services						257	47	10,495,557	257	47	10,757,946	257	47	11,026,895
Area Based Grant						160	49	6,953,271	160	49	7,127,103	160	49	7,305,280
Extended Services						314	337	14,939,104	314	337	15,312,582	314	337	15,695,396
Finance Services						60	9	2,554,572	60	9	2,618,436	60	9	2,683,897
Safeguarding & Specialist Services						629	164	23,718,892	629	164	24,311,864	629	164	24,919,661
Standards Fund						15	2	747,860	15	2	766,557	15	2	785,720
Strategic Commissioning						53	7	2,300,557	53	7	2,358,071	53	7	2,417,023
Support Services						122	16	3,916,468	122	16	4,014,380	122	16	4,114,739
<b>Totals</b>	1498	537	1539	653	59,544,757	1,705	665	70,115,081	1,705	665	71,867,958	1,705	665	73,664,657
Full time equivalent of part time staff		216.2		259			332.305			332.305			332.305	

Nature of Employment (1)	Number of Employees as at 31st March 2007		Number of Employees as at 31st March 2008		Estimated Expenditure on Employees 2007/08 (5) £	Number of Employees as at 31st March 2009		Estimated Expenditure on Employees 2008/09 (8) £	Number of Employees as at 31st March 2010		Estimated Expenditure on Employees 2009/10 (11) £	Number of Employees as at 31st March 2011		Estimated Expenditure on Employees 2010/11 (11) £
	Full Time (2)	Part Time (3)	Full Time (3)	Part Time (4)		Full Time (6)	Part Time (7)		Full Time (9)	Part Time (10)		Full Time (9)	Part Time (10)	
<b>Children &amp; Young People's Service -</b> Dedicated Schools Grant Funded -														
Pre Primary	8	0	8	0	360,000	7	0	325,350	7	0	333,484	7	0	341,821
Primary	11	4	11	4	377,540	9	5	377,420	9	5	386,856	9	5	396,527
Secondary	26	7	26	7	951,435	29	16	1,285,990	29	16	1,318,140	29	16	1,351,093
Education Other Than At School	46	52	47	53	2,566,630	67	53	3,251,700	67	53	3,332,993	67	53	3,416,317
Psychological	9	4	9	4	328,140	9	4	337,120	9	4	345,548	9	4	354,187
Learning Support Service	29	15	29	15	1,630,140	35	19	1,877,150	35	19	1,924,079	35	19	1,972,181
Social Inclusion Service	81	21	67	15	1,918,370	68	11	1,967,880	68	11	2,017,077	68	11	2,067,504
Delegated Schools Budget	6,304	4,333	6,781	4,622	244,055,518	6,781	4,622	250,034,878	6,781	4,622	256,035,715	6,781	4,622	261,924,536
<b>Totals</b>	6,514	4,436	6,978	4,720	252,187,773	7,005	4,730	259,457,488	7,005	4,730	265,693,890	7,005	4,730	271,824,166
Full time equivalent of part time staff		1771.5		1767.7			1766.7			1767.7			1767.7	

Due to a new service structure in 2008/09 comparative figures are not available for 2007/08

## Corporate Services

	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Original Budget	2009/10 Original Budget	2010/11 Original Budget
	£	£	£	£	£
<b>Expenditure:</b>					
Employees	11,853,830	12,204,070	10,785,720	11,087,590	11,437,460
Premises	4,110,000	4,116,520	4,221,060	4,305,480	4,391,590
Transport	336,680	342,470	329,920	336,520	343,250
Supplies and Services	3,614,540	3,790,230	3,425,950	3,509,060	3,582,720
Agency and Contracted Services	100,000	135,000			
Transfer Payments					
Central Support	6,792,520	6,686,310	6,428,120	6,556,700	6,687,820
Capital Charges	561,500	561,500	561,500	561,500	561,500
<b>GROSS EXPENDITURE</b>	<b>27,369,070</b>	<b>27,836,100</b>	<b>25,752,270</b>	<b>26,356,850</b>	<b>27,004,340</b>
Income:					
Recharges to other services	13,815,260	14,024,710	12,347,480	12,594,420	12,846,310
Other income	6,554,010	6,242,850	6,241,410	6,427,130	6,555,680
<b>NET EXPENDITURE</b>	<b>6,999,800</b>	<b>7,568,540</b>	<b>7,163,380</b>	<b>7,335,300</b>	<b>7,602,350</b>

## Executive Summary

- Corporate Services consists of the following central support services: Property Services (Estates and Design Services), Elected Member and Democratic Support, Legal Services and Procurement. 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 manages a small number of important front line services such as Registration of Births, Deaths and Marriages, and the Coroner's Service.

## Investment

- Corporate Services have made no requests for investment during the period covered by this plan.

## Savings

- Target savings of £343,000 have been identified for 2008/09 and £102,000 for 2009/10. These savings will mainly be achieved through a small reduction in staffing, changes to working practices, increasing income earned from outside bodies above the rate of inflation and reducing expenditure on repairs and maintenance. There is an intention to rationalise administrative buildings in order to realise significant savings by using a combination of modern methods of working and property rationalisation.

## **Significant Variation Between Years**

- 4 The projected outturn for 2007/08 is higher than the original budget mainly due to additional costs relating to the Coroner's service and an anticipated under-recovery on Design Services recharges due to a reduction in capital works. The budget reduces after 2007/08 mainly due to the transfer of the HR Division to the Chief Executive's Office.

## **Implications for the Service over the 3 years**

- 5 The current budget pressures include:
- reduced income for Design Services due to a reduction in capital works; and
  - an increase in costs within the Coroner's service above the level of inflation.
- 6 During this plan period, the following service priorities will be addressed:
- further consideration will be given to the rationalisation of all administrative property across the authority. Using a combination of modern methods of working and rationalising the floor space in County Hall significant savings could be achieved. Redundant outside premises could then be sold or sub let to release resources for reinvestment;
  - rationalisation of the estate management function within the Authority.

## **Risks**

- 7 There are risks associated with increasing income above inflation in that buy-back of the services provided may be reduced. There are also risks associated with staff reductions. If insufficient capacity exists in house to satisfy demand from Services additional services will need to be procured from external suppliers, and consequently the overall costs of service provision would increase. Due to reductions in the repairs and maintenance budget, only emergency repairs and maintenance works are being carried out on premises and any further reduction in this budget will impair opportunities to catch up on the maintenance backlog. This could lead to further deterioration of the building stock and the potential closure of offices and buildings throughout the County.

## **Partnership Working**

- 8 Design Services is the consultancy arm of Corporate Services, working closely with the Estates Division and the other alliance members to help support and deliver the County Council's strategic objectives.

## Personnel Budget

### Corporate Services

Nature of Employment (1)	Number of Employees as at 31 March 2007		Estimated Number of Employees as at 31 March 2008		Estimated Expenditure on Employees 2007/08 (5) £	Estimated Number of Employees as at 31 March 2009		Estimated Expenditure on Employees 2008/09 (8) £	Estimated Number of Employees as at 31 March 2010		Estimated Expenditure on Employees 2009/10 (11) £	Estimated Number of Employees as at 31 March 2011		Estimated Expenditure on Employees 2010/11 (14) £
	Full Time (2)	Part Time (3)	Full Time (3)	Part Time (4)		Full Time (6)	Part Time (7)		Full Time (9)	Part Time (10)		Full Time (12)	Part Time (13)	
Corporate Services -														
Legal Division	43	2	45	3	1,784,420	45	3	1,844,810	45	3	1,876,150	45	3	1,936,400
Corporate & Dem Division	55	7	54	7	1,877,480	54	7	2,029,440	54	7	2,094,620	54	7	2,161,760
Estates Division	56	3	58	6	1,883,080	58	6	2,165,050	58	6	2,234,710	58	6	2,306,470
Admin Buildings	30	6	21	3	559,930	21	3	570,100	21	3	587,750	21	3	605,920
Design Services	59	1	75	1	2,129,120	75	1	2,450,920	75	1	2,518,800	75	1	2,599,730
Human Resources Division	37	11	38	14	1,748,810			0			0			0
Corporate Procurement	11		10		385,900	10		432,740	10		446,570	10		460,830
Registration BDM	16	18	16	19	710,280	16	19	714,280	16	19	735,840	16	19	758,020
Coroners Service		2		2	143,060		2	149,440		2	154,130		2	158,970
Corporate & Democratic Core - Democratic Representation	3	2	3	2	138,260	3	2	138,850	3	2	143,130	3	2	147,540
<b>Totals</b>	<b>310</b>	<b>52</b>	<b>320</b>	<b>57</b>	<b>11,360,340</b>	<b>282</b>	<b>43</b>	<b>10,495,630</b>	<b>282</b>	<b>43</b>	<b>10,791,700</b>	<b>282</b>	<b>43</b>	<b>11,135,640</b>
Full time equivalent of part time staff		28		33			33			33			33	



## County Treasurer and Other Services

	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Original Budget	2009/10 Original Budget	2010/11 Original Budget
	£	£	£	£	£
<b>Expenditure:</b>					
Employees	5,732,620	5,790,300	11,563,570	11,853,720	12,218,280
Premises	41,610	44,860	246,330	251,260	256,290
Transport	16,760	17,950	115,440	117,750	120,110
Supplies and Services	861,490	867,340	5,384,150	5,294,870	5,400,760
Agency and Contracted Services	419,450	420,600			
Transfer Payments					
Central Support	1,057,800	850,550	1,997,190	2,037,140	2,077,890
Capital Charges			80,960	80,960	80,960
<b>GROSS EXPENDITURE</b>	<b>8,129,730</b>	<b>7,991,600</b>	<b>19,387,640</b>	<b>19,635,700</b>	<b>20,154,290</b>
Income:					
Recharges to other services	4,265,580	4,187,070	16,222,280	16,345,290	16,675,450
Other income	2,990,040	3,107,060	3,234,730	3,443,640	3,512,740
<b>NET EXPENDITURE</b>	<b>874,110</b>	<b>697,470</b>	<b>-69,370</b>	<b>-153,230</b>	<b>-33,900</b>

### Executive Summary

- 1 County Treasurer and Other Services comprises of the County Treasurer's Service, Customer Services, which was previously included within the Chief Executive's Office, and Miscellaneous Expenses.
- 2 The range of services provided by the County Treasurer includes Financial Management, Internal Audit and Risk Management, Financial Services, Payroll and Pensions Administration. The Audit Commission's CPA Use of Resources assessment gave the Authority a score of 3 (performing well) for Use of Resources which is evidence that the County Council is providing a good level of financial service at a reasonable cost.
- 3 Customer Services comprises of Information and Communications Technology (ICT), Access to Services and Design and Print. By embracing and encouraging innovation, Customer Services strives to provide a proactive and coherent ICT infrastructure and implement relevant and efficient solutions. The Design and Print facility delivers to all Services within the Council and helps the authority to project a strong image to the citizens of the County. The Access to Services Division has evolved from one of the themes from the Embracing Change Programme. The main priorities are to establish a corporate contact centre, lead on the authority's work with the County Durham e-Government Partnership (CDeGP) and ensure the Customer Relationship Management (CRM) system is implemented across all County Council Services to support the delivery of the corporate contact centre.

## **Investments**

- 4 County Treasurer and other Services have made no requests for investment during the period covered by this plan.

## **Savings**

- 5 Target savings of £372,000 have been identified for 2008/09 and £210,000 for 2009/10. The savings will in the main be achieved through a reduction in staffing following the implementation of the ORACLE Enterprise Resource Planning (ERP) system, centralisation of the payroll process, a review of Design and Print Services and a review of IT maintenance contracts. Following full implementation of the ERP system, ongoing net revenue savings totalling £1.580m should be realised across County Council services from 2009/10 onwards. As these savings accrue across County Council Services, agreement will need to be reached regarding individual service budget reductions following implementation of the system.

## **Significant Variation Between Years**

- 6 The projected outturn for 2007/8 is less than the original budget mainly due to a reduction in recharges from Customer Services as a result of IT development staff being seconded to the Resourcelink and Drive projects. The budget increases from 2008/09 onwards due to the inclusion of Customer Services with County Treasurer and Other Services and the alignment of budgets.

## **Implications for the Service over the 3 years**

- 7 During this plan period, the following service priorities are to be addressed:
  - Lead the implementation of the Oracle ERP system ensuring business processes are changed to maximise efficiency and service delivery;
  - Maintain and improve our CPA Use of Resources score;
  - Improve the linkages between financial reporting, non-financial indicators, efficiency and value for money;
  - Fully implement the new payroll system;
  - Improve debt collection;
  - Implement the Customer Relationship Management (CRM) System;
  - Relocate the central computer facility;
  - Improve ICT contingency arrangements;
  - Countywide broadband coverage; and
  - Continue to provide support for the Building Schools for the Future programme.

## **Risks**

- 8 There are risks associated with the replacement of the corporate financial system and the upgrade of the payroll system, however there are robust project management and reporting arrangements in place to manage these risks.
- 9 The major risks identified within the Customer Services Division are a major disruption to IT service delivery and failure of the County Durham e-Government Partnership. Appropriate measures are in place to mitigate these risks.

## **Partnership Working**

- 10 DurhamNet, which is a partnership with Derwentside District Council, is responsible for the provision of high speed broadband infrastructure to the County Council, other public service organisations, private companies and the community and voluntary sector. It also provides services outside County Durham, to other local authorities in the region.
- 11 The Authority has also entered into a partnership with Northumberland County Council to provide shared services in connection with the Oracle ERP system. It is envisaged that this will provide a number of advantages in terms of cost reductions, service improvement and resilience.

## Personnel Budget

### County Treasurer and Other Services

Nature of Employment (1)	Number of Employees as at 31 March 2007		Estimated Number of Employees as at 31 March 2008		Estimated Expenditure on Employees 2007/08 (5) £	Estimated Number of Employees as at 31 March 2009		Estimated Expenditure on Employees 2008/09 (8) £	Estimated Number of Employees as at 31 March 2010		Estimated Expenditure on Employees 2009/10 (11) £	Estimated Number of Employees as at 31 March 2011		Estimated Expenditure on Employees 2010/11 (14) £
	Full Time (2)	Part Time (3)	Full Time (3)	Part Time (4)		Full Time (6)	Part Time (7)		Full Time (9)	Part Time (10)		Full Time (12)	Part Time (13)	
Treasurer	137	17	130	21	4,367,500	125	21	4,403,950	121	21	4,479,830	121	21	4,623,940
Customer Services					0	104	12	4,013,000	104	12	4,140,900	104	12	4,272,650
I.T.					0	44	5	1,225,000	44	5	1,264,300	44	5	1,304,780
Access to Services					0	10	6	413,900	10	6	427,240	10	6	440,970
Design & Print														
<b>Totals</b>	137	17	130	21	4,367,500	283	44	10,055,850	279	44	10,312,270	279	44	10,642,340
Full time equivalent of part time staff		12		16			31			31			31	

## Environment

### Executive Summary

	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Original Budget	2009/10 Original Budget	2010/11 Original Budget
	£	£	£	£	£
<b>Expenditure:</b>					
Employees	17,326,910	16,927,000	19,558,370	20,110,400	20,665,300
Premises	425,980	627,000	684,050	702,340	715,320
Transport	734,110	734,000	996,720	1,006,470	1,018,850
Supplies & Services	3,610,940	3,707,000	6,452,190	6,376,240	6,220,010
Agency & Contracted	39,346,440	37,832,000	44,673,330	46,380,070	54,985,860
Transfer Payments	0	0	0	0	0
Central Support	9,042,590	9,095,000	9,502,860	9,695,610	9,858,260
Other	0	1,000,000	0	0	0
Capital Charges	6,704,950	6,704,950	6,372,450	6,499,900	6,629,900
Less: Govt Grants Deferred	-525,920	-525,920	-568,920	-580,300	-591,900
<b>GROSS EXPENDITURE</b>	<b>76,666,000</b>	<b>76,101,030</b>	<b>87,671,050</b>	<b>90,190,730</b>	<b>99,501,600</b>
Income:					
Recharges to other services	11,403,220	11,456,000	11,493,080	11,719,450	11,877,750
Other Income	10,527,290	10,750,000	13,161,230	12,109,730	12,255,460
<b>NET EXPENDITURE</b>	<b>54,735,490</b>	<b>53,895,030</b>	<b>63,016,740</b>	<b>66,361,550</b>	<b>75,368,390</b>

- 1 Environment provides a wide and diverse range of services to the residents of County Durham and to those visiting or passing through the area.
- 2 The Service continues to face many pressures and unavoidable commitments many of which will be addressed through greater efficiency or be simply absorbed with existing budgets. The overall budget situation both for the County Council and the Service is better than expected and where investments and savings have been proposed every effort will be made to ensure that those are correctly targeted and will protect Statutory service provision and those areas which the County Council has determined as priorities. These will include the themes within the Corporate Priorities of Improved Environment and Economic Well-being.
- 3 Where appropriate our performance will be measured against the new National Indicators as well as the agreed Local Performance Indicators and achieving best value from the available resources continues to be a key objective. This will be closely monitored throughout the year and continuously reviewed through budget and performance clinics.
- 4 Investments and Savings have been built into the budget figures in accordance with decisions taken during the budget setting process and these are exemplified further in the continuing paragraphs.

## **Investments**

- 5 In determining the measures proposed, careful consideration has been given to those unavoidable pressures that are brought about by external factors which could have an adverse impact on the County Council meeting its statutory duties or reduce service provision in priority areas.
- 6 Over the period of this plan the most difficult challenges relate to higher than average inflation in specific areas such as energy, civil engineering works and public transport.
- 7 The continuation of additional funding towards the above average inflation levels associated with subsidised bus services and highways maintenance related works should enable the current levels of service to be maintained over the period of the financial plan.
- 8 Energy costs are particularly volatile and can have a significant impact on the Street Lighting budget. Although no further additional investment is being included for 2008/09 and some savings are anticipated the costs are being closely monitored against current market costs.
- 9 The Development Plan for Minerals and Waste is a statutory requirement for the Planning Service and relates directly to the County Council's corporate aim of looking after the environment and the key priority for waste management. Additional resources have, therefore, also been allocated to prepare for and hold an Examination in Public of new Minerals Development Plan Documents in 2008/09. Similarly, provision has been made for the new Waste Development Framework Documents to be examined at the end of 2009/10.
- 10 The sharp increase in the incremental year on year rise in Landfill Tax payments has required additional resources to be applied to the Waste budget. It is anticipated that during the period of this Plan the Authority will have to come to a decision on how it deals with for the disposal of municipal waste focussing on an alternative to landfill which will help the Council towards one of its key priority areas for improvement as well as meeting national targets but could also result in significant extra costs. In the meantime it will be necessary to engage specialist advice to help inform the decision making process.
- 11 The better than expected Settlement from Central Government has enabled the County Council to invest a further £0.5m in the Service which will be used to support County Council priorities such as road and footpath condition and Climate Change.

## **Savings**

- 12 The savings to be achieved by the Service in 2008/09 amount to £512,500. At this stage, no additional savings have been identified for future years although

the Service recognises that there may be additional budget pressures facing the new County Council from 2009 onwards.

- 13 None of the savings which had been proposed will have a detrimental effect on Service provision. The Service will still be expected to make savings to assist the County Council in balancing its overall budget but these will largely be efficiency based and/or through the generation of additional income. As in previous years every effort will be made to ensure that the current high level of service is maintained to both residents of and visitors to County Durham whilst at the same time contributing to the delivery of the County Council's Corporate Priorities.

### **Significant Variations**

- 14 The most significant variations affecting the Service are the high levels of inflation in certain areas which is expected to continue in future years and the rising cost of Waste Management, treatment and disposal to meet ever-increasing demands and targets both of which have been highlighted earlier.
- 15 Following organisational changes within the County Council, the Economic Development and Regeneration Division of the former Chief Executive's Office has now become part of the Environment Service.

### **Implications for the service**

#### ***Service strategies and corporate objectives***

- 16 The key functions and objectives of the Service are identified both in the County Council's Corporate Plan and in the Environment Business Plan. The Council's medium term Improvement Priorities and Priorities for Investment in 2008/09 were approved by Cabinet in January 2008 and will be incorporated into these plans.
- 17 Although the main thrust of the Service's work is towards the Corporate Aim of 'Looking after the Environment' and the Priority Outcome 'Improved Environment' it makes substantial contributions towards the other Corporate Priorities such as 'Economic Well-being' through its economic development and regeneration work as well as its transport programmes and other initiatives such as Urban and Rural Renaissance and to 'Healthier Communities' through its walking and cycling initiatives and safer routes to schools programme..

#### ***Service Developments***

- 18 Climate Change remains high on the agenda with the Climate Change and Sustainable Energy Act 2006 requiring Local Authorities to have regard to information on energy measures in exercising its functions. The draft Climate Change Bill will when enacted provide a framework for reducing carbon

dioxide emissions. The Service will be expected to take a strong lead on this issue and this will be a major challenge in the coming months and years.

- 19 A new Code of Practice on Notices, Coordination and Fixed Penalty Notices for works undertaken on the highway was published on 11<sup>th</sup> July 2007. Further regulations are expected in 2008 as the first in a series of new regulations under the Traffic Management Act 2004 and the New Roads and Street Works Act 1991. The main implication is that the County Council's own work within the highway will be brought into the same regime as other parties such as Statutory Undertakers and also that the County Council as 'Street Authority' will be able to issue fixed penalty notices for certain offences. This will have resource implications which will be addressed within the Service
- 20 Environment will take responsibility for School Crossing Patrols during 2008 under proposals for a change in the management arrangements and a drive to improve the quality of the service. This will contribute to the cross-cutting themes of improved safety of local people communities and organisations and improved health of local people.

## **Risks**

- 21 Ever more demanding recycling targets for the Authority and the year on year reduction in the amount of waste which can be sent to landfill without incurring penalties increases the level of financial risk. This is being evaluated as part of on-going work to inform the decision making process on the options available for waste disposal in the future.
- 22 The areas which might be seen as particularly volatile remain the same as previous years and include higher than average levels of inflation on Highways Maintenance and related works, Public Transport and Energy caused by escalating costs of raw materials, fuel and oil based products and labour. Tonnage variations on Waste and the uncertainty of winter conditions can result in budget variances. Savings put forward in relation to staff salaries are expected to be made through minor service re-structuring. On-going savings from decisions made in previous years will rely on staff turnover to achieve them, although there are risks associated with the areas in which vacancies occur and the consequences on performance.
- 23 Income is becoming of increasing importance and every opportunity is explored to maximise this and to maintain or improve levels of income to ensure that the challenges that face the Service can be addressed while trying to minimise the effects on service delivery. There is however often a balance to be struck between increasing some charges e.g. car parking income and a fall in take-up.
- 24 The risks associated with all these areas have been considered before the plan was finalised and it is expected that, although several areas of the service are under pressure, all services will be provided within available resources during 2008/09.



## **Value for Money**

- 25 Underpinning the County Council's overall Four Star rating the Environment Service has for the second year running been given a four out of four rating under the Comprehensive Performance Assessment 'harder test' and is one of only a handful in the Country for the Environment Block to achieve this status.
- 26 The Service can also demonstrate a good record in achieving the efficiency savings it has identified as part of the (Gershon) Annual Efficiency Statement.
- 27 The Service continues to strive for Value for Money in all aspects of its work and is continually reviewing how this can be delivered more effectively and efficiently. There are many good examples of best practice, some of which are shown below:-

Centre for Excellence Status for Local Transport Delivery  
Nomination for Transport Shared Priority Pathfinder  
Most Innovative Local Authority (Highway Magazine)  
Passive Safety Innovation Award

- 28 Budget / Performance reviews are regularly undertaken through Performance Clinics which look specifically at value for money and the delivery of targets, outputs, and outcomes set out in 'Group Targets and Service Priorities' and as detailed in the Service Business Plan in order to assist the Authority in delivering its corporate aims and the priorities for improvement.

## **Partnership Working**

- 29 The Service is already heavily involved in several major partnerships to assist in the delivery of its services such as the Local Strategic Partnerships both at County and District levels, Transport to Health Partnership, and the Heritage Coast Partnership and the North Pennines AONB Partnership.
- 30 It also works in partnership with groups such as East Durham Groundwork Trust, West Durham Groundwork Trust, the Minerals Valley Partnership, and the Districts and Parishes in the County to provide added value to Council priorities.
- 31 The principle of partnership working is becoming more essential to the success of funding applications as funding for capital projects and on-going revenue support is becoming increasingly difficult to secure.
- 32 There is a well established LTP Partnership Forum which continues to play a significant role in providing a direct link with organisations having an interest in transport issues.
- 33 Identifying and developing partnerships which can contribute to the County Council's priorities is a key strand in attracting funding to enhance service provision. A current example of this is the promotion through SUSTRANS and

their 'Connect 2' funding bid of a scheme to re-open the former Frankland Railway Viaduct as a walking and cycling route.

## Personnel Budget

### Environment

Nature of Employment (1)	Number of Employees as at 31st March 2007		Estimated Number of Employees as at 31st March 2008		Estimated Expenditure on Employees 2007/08 (6)	Estimated Number of Employees as at 31st March 2009		Estimated Expenditure on Employees 2008/09 (9)	Estimated Number of Employees as at 31st March 2010		Estimated Expenditure on Employees 2009/10 (6)	Estimated Number of Employees as at 31st March 2011		Estimated Expenditure on Employees 2010/11 (9)
	Full Time (2)	Part Time (3)	Full Time (4)	Part Time (5)		Full Time (7)	Part Time (8)		Full Time (4)	Part Time (5)		Full Time (7)	Part Time (8)	
Management and Administration	62	6	62	2	2,151,060	60	2	2,209,560	60	2	2,250,890	60	2	2,260,110
Design Services														
Highways and Bridge Design	40	0	40	0	1,327,700	39	0	1,347,100	39	0	1,390,630	39	0	1,435,490
Environmental Management	6	1	6	1	196,920	6	1	199,130	6	1	205,360	6	1	211,770
Integrated Transport Unit	84	5	80	1	1,981,990	81	1	2,004,420	81	1	2,067,890	81	1	2,133,250
Civil Engineering and Geotechnical Laboratory	17	0	15	0	379,260	15	0	387,420	15	0	399,930	15	0	412,810
Highways Management Services														
Highways Maintenance	107	4	105	4	3,184,090	106	4	3,211,680	106	4	3,315,660	106	4	3,422,800
Street Lighting	9	0	9	0	309,580	9	0	371,950	9	0	383,960	9	0	396,330
Traffic	48	10	56	14	1,354,220	59	14	1,816,060	59	14	1,874,270	59	14	1,934,240
School Crossing Patrols	0	242	0	242	852,520	0	242	840,530	0	242	863,960	0	242	888,010
Environment and Resources														
Countryside Services	39	11	39	10	1,142,090	36	11	1,174,140	36	11	1,212,050	36	11	1,251,100
Hardwick Hall	0	0	0	0	-	7	2	198,760	7	2	203,730	7	2	208,820
Conservation and the Environment	28	5	29	7	1,074,340	29	7	1,111,640	29	7	1,147,750	29	7	1,184,950
Planning Services	23	0	19	1	620,650	21	2	783,560	21	2	809,020	21	2	835,250
Waste Disposal	10	0	12	0	358,820	12	0	408,440	12	0	421,300	12	0	434,540
Economic Policy	0	0	0	0	-	30	0	1,386,980	30	0	1,417,280	30	0	1,448,180
Trading Standards	41	4	41	4	1,213,040	40	4	1,224,310	40	4	1,264,120	40	4	1,305,130
Scientific Services	10	5	11	5	429,760	10	5	447,500	10	5	462,060	10	5	477,060
<b>Totals</b>	<b>524</b>	<b>293</b>	<b>524</b>	<b>291</b>	<b>16,576,040</b>	<b>560</b>	<b>295</b>	<b>19,123,180</b>	<b>560</b>	<b>295</b>	<b>19,689,860</b>	<b>560</b>	<b>295</b>	<b>20,239,840</b>
Full time equivalent of part-time staff		101		100			102			102			102	

## Service Direct

	2007/08 Original Budget	2007/08 Projected Outturn	2008/09 Original Budget	2009/10 Original Budget	2010/11 Original Budget
	£	£	£	£	£
<b>Expenditure:</b>					
Employees	23,869,600	23,130,980	23,688,960	24,280,520	24,886,870
Premises	684,470	687,860	703,380	719,270	735,530
Transport	3,681,070	3,847,800	3,924,970	4,003,670	4,083,960
Supplies and Services	15,629,390	15,633,610	15,914,580	16,231,790	16,555,440
Agency and Contracted Services	8,616,920	8,793,560	8,969,430	9,148,820	9,331,800
Transfer Payments	0	0	0	0	0
Central Support	753,690	757,030	811,220	827,340	843,880
Capital Charges	1,390,080	1,228,990	1,324,010	1,350,490	1,377,500
<b>GROSS EXPENDITURE</b>	<b>54,625,220</b>	<b>54,079,830</b>	<b>55,336,550</b>	<b>56,561,900</b>	<b>57,814,980</b>
<b>Income:</b>					
Recharges to other services	47,475,910	49,645,280	50,848,660	52,081,640	53,344,720
Other income	8,378,100	5,516,140	5,649,850	5,786,850	5,927,190
<b>NET SURPLUS</b>	<b>-1,228,790</b>	<b>-1,081,590</b>	<b>-1,161,960</b>	<b>-1,306,590</b>	<b>-1,456,930</b>

## Executive Summary

- 1 Service Direct will have completed its first full financial year operating from the new base at Meadowfield by the end of 2007/08. The surplus for this period is expected to be just over £1m after having charged the cost of loan repayments for the new site and provision for job evaluation payments for Domestic Services. This surplus is being generated from a turnover of around £55m. The profit will mainly be used to fund the future capital expenditure requirements of the organisation.

## Significant Variations Between the Years

- 2 Profit levels are targeted to rise from the 2% level of 2007/08 to reach 2.5% by the end of 2010/11. However, job evaluation and local government reorganisation will have an impact on those targets but this has not been identified currently.

## Implications for the Service

- 3 Service Direct continues to assist the authority achieve its Corporate aims and in conjunction with the client has been involved in for example the provision of DDA compliant buildings, pre school facilities etc. It also strives to demonstrate that it offers a value for money service for its clients. This is achieved mainly through membership of APSE (Association of Public Sector

Excellence) where performance levels of like authorities are benchmarked for all services. In addition, rates are compared to the private sector where information is available.

- 4 Employees are recognised as a key resource and the local workforce is used where possible. Currently an indicator is being compiled to monitor the extent of this and extend it to subcontractors. Service Direct has embarked on an extensive staff development programme to meet the Skills Pledge which requires that 80% of its workforce have a level of NVQ Level 2 by 2011. In addition, the existing training of apprentices is well received with Regional and National recognition being given to individuals from Service Direct apprentice schemes.

### **Partnership Working**

- 5 Partnership working is a high priority in areas such as Building Services where the previous Building Alliance has now run its course and discussions centre around a Framework Agreement. The Civil Engineering Alliance with Balfour continues to work effectively.
- 6 New markets continue to be sought through the Local Authority Trading Company to try and provide an even workload throughout the year and better use existing capacity. One such area is within Fleet Services where partnership agreements are in place to repair lifting equipment for external customers.

### **Equalities**

- 7 Service Direct is assisting the County Council in working towards Level 4 of the Government Equality Standard as well as the silver award for Working for Health.

## Personnel Budget

### Service Direct

Nature of Employment (1)	Number of Employees as at 31 March 2007		Estimated Number of Employees as at 31 March 2008		Estimated Expenditure on Employees 2007/08 (5) £	Estimated Number of Employees as at 31 March 2009		Estimated Expenditure on Employees 2008/09 (8) £	Estimated Number of Employees as at 31 March 2010		Estimated Expenditure on Employees 2009/10 (11) £	Estimated Number of Employees as at 31 March 2011		Estimated Expenditure on Employees 2010/11 (14) £
	Full Time (2)	Part Time (3)	Full Time (3)	Part Time (4)		Full Time (6)	Part Time (7)		Full Time (9)	Part Time (10)		Full Time (12)	Part Time (13)	
Service Direct														
Building Maintenance	242	5	227	6	8,073,120	227	6	8,274,950	227	6	8,481,820	227	6	8,693,870
Civils & Grounds	347	1	356	1	9,927,370	356	1	10,175,560	356	1	10,429,950	356	1	10,690,690
Transport	36		35		882,500	35		904,560	35		927,180	35		950,360
Domestic Services	11	328	14	323	3,087,360	14	323	3,144,340	14	323	3,222,380	14	323	3,302,370
Support Services	35	5	30	5	1,160,630	30	5	1,189,550	30	5	1,219,190	30	5	1,249,570
<b>Totals</b>	<b>671</b>	<b>339</b>	<b>662</b>	<b>335</b>	<b>23,130,980</b>	<b>662</b>	<b>335</b>	<b>23,688,960</b>	<b>662</b>	<b>335</b>	<b>24,280,520</b>	<b>662</b>	<b>335</b>	<b>24,886,860</b>
Full time equivalent of part time staff		144		143			143			143			143	

## Section J - Capital Budget 2008/09 to 2010/11

### Current position

- 1 The Capital Budget is based on the capital budget in the 2007/08 Budget Book, updated for:
  - latest grant and Supported Capital Expenditure-Revenue (SCE-R) allocations (e.g. Modernisation, Local Transport Plan - LTP).
  - schemes approved in year (e.g. additional funding for Enterprise Resource Planning (ERP) systems, Corporate Contact Centre)
  - revisions such as slippage from 2006/07
  - rephasing to/from 2008/09 (where the budget has been revised in 2007/08)

Note that budgets are already approved for 2010/11 (structural maintenance and Vehicle Replacement Programme, where five years of funding was approved in 2006/07)

- 2 A summary of the current capital programme showing that there is a temporary funding shortfall in 2008/09 of £7.4m is attached at Annex J1. Approval for £15m unsupported borrowing has been granted by the Council but £22.4m has been used in 2008/09. This has been balanced by unsupported borrowing for 1 year. In subsequent years this position is recovered by capital receipts in the following year. This is a timing issue due to the following:
  - There is now no unsupported borrowing budgeted for Durham Johnston replacement, and the sale of current Durham Johnston site has been revised from 2008/09 to 2009/10.
  - The proceeds of the sale of a site at Newton Aycliffe are to be spread over 2008/09 (£3.2m) and 2010/11 (£2.2m) rather than in one year.

### Resources Available for New Schemes

- 3 Based on expected capital receipts, existing borrowing approval and capital grants, there is a limited amount of resources available over the 3-year budget period.
- 4 There is unallocated LPSA grant of £3.5m available in 2008/09 for addition to the capital programme's resources. Any further new schemes will therefore require increased unsupported borrowing.
- 5 The County Council's Asset Management Planning Group considers service submissions for capital proposals. Attached, as Annex J2 is the top three schemes identified through this process.

- 6 The Council is facing significant change in 2009 and inevitably capital schemes take time to develop. In 2009 the new Council will have the combined reserves of all the 8 authorities involved in the re-organisation. During 2008/09 plans will need to be made to determine the needs of the new Council and how best to make use of the combined assets.
- 7 Given the changing democratic landscape in Durham, members agreed that £3.5m be allocated in the budget process to the capital programme but that detailed decisions are taken in the coming months.

**Transport capital funding**

- 8 The local transport capital settlement for the remaining three years of the LTP2 plan period (to March 2011) has been received from Government Office - North East (GONE). In the past, “indicative only” allocations for future years had been announced whereas with this year’s announcement, the Department for Transport (DfT) have released definite figures for future years, thereby lending more certainty to the planning process for transport improvement in the county.
- 9 The capital settlement is awarded in two blocks – one for integrated transport improvements and one to meet the maintenance costs of the highway network. The amounts that the County Council is to receive for each of the next 3 years are shown in the following table:

<b>Block</b>	<b>2008/09 £m</b>	<b>2009/10 £m</b>	<b>2010/11 £m</b>
Integrated transport	5.317	5.365	5.396
Highways maintenance	9.246	9.942	10.762

- 10 The integrated transport block is allocated as two-thirds SCE-R and one-third grant. Highways maintenance is allocated as SCE-R.
- 11 Details of the proposed apportionment of the amount allocated for 2008/09 are set out at Annex J3. Indicative apportionments for the remaining 2 years will be set out in the full capital summary at Annex J4.
- 12 Although the funding is not specifically ring-fenced for Transport Capital purposes the County Council has in previous years earmarked the whole of the allocation for this purpose and Members confirmed that these resources will continue to be ring-fenced for 2008/09.
- 13 In addition to the LTP Capital Settlement, funding has also been made available by the DfT as Specific Road Safety Grant. Furthermore, Direct Capital Grant is provided for 2008/09 only in the sum of £1,652,000 for



capitalised maintenance on the former Trunk Road A167. These grants are set out in the following table:

<b>Funding</b>	<b>2008/09 £</b>	<b>2009/10 £</b>	<b>2010/11 £</b>
Specific Road Safety Grant (Capital)	164,922	153,783	151,385
Direct Capital Grant – Capitalised maintenance of A167	1,652,000	-	-

## Annex J1

**Capital Budget 2007/08 to 2010/11 before inclusion of new bids**

Service	Original Budget 2007/08	Revisions in 2007/08 (inc slippage from 2006/07)	Revised Budget 2007/08	Forecast Outturn 2007/08 (at Nov 2007)	Budget 2008/09	Budget 2009/10	Budget 2010/11	Total 2008/09 to 2010/11
	£	£	£	£	£	£	£	£
Adult and Community Services	5,841,900	- 1,920,802	3,921,098	4,101,075	7,926,632	3,472,900	1,668,900	13,068,432
Children and Young People's Services	42,464,570	2,416,643	44,881,213	44,633,209	58,579,221	40,259,694	27,785,923	126,624,838
Environment	21,400,673	14,071,212	35,471,885	34,273,000	29,378,447	22,204,360	17,809,555	69,392,362
Chief Executive's Office*	1,907,271	2,256,624	4,163,895	3,453,000	-	-	-	-
Corporate Services	10,065,800	- 5,225,721	4,840,079	3,310,000	5,081,800	3,301,800	226,800	8,610,400
County Treasurer	1,879,300	2,397,776	4,277,076	4,007,000	1,523,043	944,271	944,271	3,411,585
Service Direct	707,000	-	707,000	707,000	750,000	780,000	795,000	2,325,000
Small projects - to be allocated	-	168,500	168,500	168,000	351,000	-	-	351,000
Other minor works - to be allocated	500,000	-	500,000	-	-	-	-	-
<b>Total capital programme</b>	<b>84,766,514</b>	<b>14,164,232</b>	<b>98,930,746</b>	<b>94,652,284</b>	<b>103,590,143</b>	<b>70,963,025</b>	<b>49,230,449</b>	<b>223,783,617</b>

<b>Summary of financing:</b>				
Grants	24,810,030	26,712,617	51,522,647	37,273,759
Contributions	534,308	812,517	1,346,825	33,832,832
Direct Revenue Funding	382,500	1,321,500	1,704,000	23,607,142
Direct Revenue Funding - DSG	3,892,900	- 477,146	3,415,754	94,713,733
Reserves	1,295,033	359,188	1,654,221	1,665,500
Borrowing - supported (SCE-R)	18,614,894	390	18,615,284	-
Borrowing - unsupported	10,270,849	- 10,270,849	-	-
Capital Receipts	24,966,000	- 4,293,985	20,672,015	3,892,900
<b>Financing of capital programme</b>	<b>84,766,514</b>	<b>14,164,232</b>	<b>98,930,746</b>	<b>11,678,700</b>

				1,546,747
				1,724,271
				1,739,271
				5,010,289
				22,596,473
				20,067,511
				17,640,357
				60,304,341
				22,371,763
				-
				22,371,763
				15,118,001
				10,650,511
				2,270,779
				28,039,291
				<b>103,590,143</b>
				<b>70,963,025</b>
				<b>49,230,449</b>
				<b>223,783,617</b>

\* allocated between Environment and County Treasurer from 2008/09

## Major Capital – Asset Management Plan Proposals – top 3 schemes

### Catchgate Children’s Home

**AMP Priority 1**                      **Score : Investment 54**    **Estimate £870,000**  
(exc site value)

*Investment priority: Vulnerable children and young people*

Funding is required to replace an existing children’s home at Catchgate with a new purpose-built facility elsewhere in the County. The current home has suffered from disruption and vandalism in part due to the existing location and poor relationship in the area. A brief of requirements for a replacement facility has been produced and costed. Purchase of a site, should this be necessary, would cost up to £250,000 more. There are major risks to the service and service delivery if this replacement/relocation does not proceed.

Revenue Implications: Yes

### Travellers Sites

**AMP Priority 2**                      **Score : Improvement 65**    **Estimate £5.8m**

*Improvement priority: Protecting and supporting vulnerable children – focus on children and young people staying safe and reducing the incidence of children at risk*

This bid is to fund a programme of complete upgrading of the 6 Gypsy and Traveller Sites owned by the Authority. £1.078m was also approved by members for this purpose for 2007/08. The investment is required to bring the sites up to modern standards (comparable with those set out in the CLG Consultation document “Draft Guidance on the design of sites for Gypsies and Travellers”, May 2007) and address existing health and safety problems. In the absence of this funding provision the Authority would need to expend in the region of £750,000 in basic repair across all the sites.

Revenue Implications: Yes

### Killhope Museum

**AMP Priority 3**                      **Score : Improvement 36**    **Estimate £400,000**

*Improvement priority: Improving educational attainment/achievement – focus on achievement at Key Stage 4 (GCSE), attainment of children in care at KS4 and narrowing the gap between boys and girls*

Funding is required to replace the existing visitor centre and will comprise a contribution to the total estimated project cost of £4.3m. The balance of funding will be sought from a variety of sources including Single Programme, Heritage Lottery, ERDF and Friends of Killhope.

Revenue Implications: Yes

### Summary - Major Capital

Scheme	AMP Priority	Score	Total Cost	Cost to DCC	Comment
Major Catchgate Children's Home	1	Investment 54	1,120,000	1,120,000	(inc possible purchase of site)
Major Travellers Sites	2	Improvement 65	5,800,000	5,800,000	
Major Killhope Museum Visitor Centre	3	Improvement 36	4,300,000	400,000	
Minor Various schemes		Improvement	1,150,000	1,150,000	
			<b>12,370,000</b>	<b>8,470,000</b>	

## Apportionment of the Capital Allocation for 2008/09

<b>INTEGRATED TRANSPORT BLOCK</b>	
	<b>Proposed allocation £000s</b>
<b>COUNTY-WIDE PROGRAMME</b>	
<b>Shared priority - Accessibility</b>	
Bus Interchanges	170
Rail - strategic development	150
Public transport information and marketing	140
Bus stop infrastructure	190
Bus priority	200
Bus - joint initiatives	65
Integrated Route Management	190
Rights of Way Improvement Plan support	90
Quality Taxi Partnerships	18
Improved access to existing developments	0
Sub-total	<b>1,213</b>
<b>Shared priority - Road safety</b>	
Workplace/School Travel Planning	240
Casualty Reduction	266
Speed Management	94
Local Area Measures	278
Sub-total	<b>878</b>
<b>Shared priority – Quality of life and health</b>	
Urban & Rural Renaissance Programme support	95
Transport for Health Action Plan support	65
Sub-total	<b>160</b>
<b>Shared priority – Road congestion</b>	
New infrastructure – major schemes	
A167 Chilton Bypass	280
Durham Park and Ride <i>(provision for Part 1 Claims)</i>	70
A688 Wheatley Hill-Bowburn Link <i>(provision for increased works costs)</i>	200
New infrastructure – minor schemes	
A688 West Auckland Bypass <i>(provision for increased works costs, Part I     claims and associated Land Agent fees)</i>	730
<i>Crook By-Pass</i> <i>(provision for Part 1 Claims)</i>	30

<b>Demand management</b>	40
Traffic management	50
Movement of Freight	5
Sub-total	<b>1,405</b>
<b>Shared priority – Air quality</b>	
EAST initiative	0
Sub-total	<b>0</b>
<b>County-wide Programme total</b>	<b>3,656</b>
<b>AREA PROGRAMMES</b>	
Chester-le-Street	82
Derwentside	177
Easington	186
Sedgefield	156
City of Durham	125
Wear Valley	237
Teesdale	198
<b>Area Programmes total</b>	<b>1,161</b>
<b>Payback to the Maintenance Block</b>	<b>500</b>
<b>INTEGRATED TRANSPORT BLOCK TOTAL</b>	<b>5,317</b>

<b>MAINTENANCE BLOCK</b>	
	<b>Proposed allocation £000s</b>
<b>COUNTY-WIDE PROGRAMME</b>	
Carriageway/footway maintenance	6,089
Lighting	917
Bridge strengthening maintenance and upgrading including Footbridge maintenance	2,740
<b>MAINTENANCE BLOCK TOTAL</b>	<b>9,746</b>

<b>OTHER CAPITAL FUNDING</b>	
	<b>Proposed allocation £000s</b>
<b>A167 Detrunking</b>	<b>1,652,000</b>
<b>Specific Road Safety Grant</b>	<b>164,922</b>
<b>OTHER FUNDING TOTAL</b>	<b>1,816,922</b>

## Capital Programme Summary

Service	Original Budget 2007/08 £	Revisions in 2007/08 (inc slippage from 2006/07) £	Revised Budget 2007/08 £	Forecast Outturn 2007/08 (at Nov 2007) £
Adult and Community Services	5,841,900	- 1,920,802	3,921,098	4,101,075
Children and Young People's Services	42,464,570	2,416,643	44,881,213	44,633,209
Environment	21,400,673	14,071,212	35,471,885	34,273,000
Chief Executive's Office*	1,907,271	2,256,624	4,163,895	3,453,000
Corporate Services	10,065,800	- 5,225,721	4,840,079	3,310,000
County Treasurer	1,879,300	2,397,776	4,277,076	4,007,000
Service Direct	707,000	-	707,000	707,000
Small projects - to be allocated	-	168,500	168,500	168,000
Other minor works - to be allocated	500,000	-	500,000	-
<b>Total capital programme</b>	<b>84,766,514</b>	<b>14,164,232</b>	<b>98,930,746</b>	<b>94,652,284</b>

Budget 2008/09 £	Budget 2009/10 £	Budget 2010/11 £	Total 2008/09 to 2010/11 £
7,926,632	3,472,900	1,668,900	13,068,432
58,579,221	40,259,694	27,785,923	126,624,838
29,378,447	22,204,360	17,809,555	69,392,362
-	-	-	-
5,081,800	3,301,800	226,800	8,610,400
1,523,043	944,271	944,271	3,411,585
750,000	780,000	795,000	2,325,000
351,000	-	-	351,000
-	-	-	-
<b>103,590,143</b>	<b>70,963,025</b>	<b>49,230,449</b>	<b>223,783,617</b>

<b>Summary of financing:</b>				
Grants	24,810,030	26,712,617	51,522,647	
Contributions	534,308	812,517	1,346,825	
Direct Revenue Funding	382,500	1,321,500	1,704,000	
Direct Revenue Funding - DSG	3,892,900	- 477,146	3,415,754	
Reserves	1,295,033	359,188	1,654,221	
Borrowing - supported (SCE-R)	18,614,894	390	18,615,284	
Borrowing - unsupported	10,270,849	- 10,270,849	-	
Capital Receipts	24,966,000	- 4,293,985	20,672,015	
<b>Financing of capital programme</b>	<b>84,766,514</b>	<b>14,164,232</b>	<b>98,930,746</b>	

37,273,759	33,832,832	23,607,142	94,713,733
790,500	795,000	80,000	1,665,500
-	-	-	-
3,892,900	3,892,900	3,892,900	11,678,700
1,546,747	1,724,271	1,739,271	5,010,289
22,596,473	20,067,511	17,640,357	60,304,341
22,371,763	-	-	22,371,763
15,118,001	10,650,511	2,270,779	28,039,291
<b>103,590,143</b>	<b>70,963,025</b>	<b>49,230,449</b>	<b>223,783,617</b>

\* allocated between Environment and County Treasurer from 2008/09

<b>Adult and Community Services</b>	<b>Original Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
<b>Care</b>							
Structural maintenance-Care	262,700	-	262,700	262,700	262,700	262,700	788,100
Transport - purchase of vehicles	820,000	490,913	1,310,913	549,500	476,000	823,000	1,848,500
Purchase of IT Equipment - improving information management	245,000	165,001	410,001	217,000	-	-	217,000
Extra Care housing schemes - capital contribution - 6 schemes	-	-	-	124,000	-	-	124,000
Contribution to Health - Mental Health	218,000	- 84,778	133,222	592,000	237,000	236,000	1,065,000
Learning disabilities - shared living schemes - capital contribution - 5 schemes	-	-	-	357,696	-	-	357,696
Hawthorn House	-	11,656	11,656	104,000	-	-	104,000
Improving Care Home Environment	935,000	-	935,000	-	-	-	-
Residential Homes for the Elderly	2,000,000	- 1,900,000	100,000	3,900,000	2,000,000	-	5,900,000
Pontop Centre/Shinwell Centre/3rd Centre	150,000	-	150,000	150,000	150,000	-	300,000
Single Capital Pot - Social Care	-	-	-	264,000	264,000	264,000	792,000
<b>Culture &amp; Leisure</b>							
Library Modernisation	-	-	-	344,536	-	-	344,536
Structural Maintenance-Culture & Leisure	83,200	-	83,200	83,200	83,200	83,200	249,600
Beamish Museum Capital Contribution	-	-	-	150,000	-	-	150,000
Relocation to Spennymoor	-	50,000	50,000	-	-	-	-
Additional County Record Office Storage	-	52,019	52,019	-	-	-	-
Bowes Museum roof contribution	50,000	-	50,000	-	-	-	-
<b>Community Support</b>							
St Phillips, Coundon 1	-	50,000	50,000	-	-	-	-
St Phillips, Coundon 2	-	50,000	50,000	-	-	-	-
Tower Road Travellers Site	-	22,387	22,387	-	-	-	-
Gypsy and Travellers Sites Upgrade	1,078,000	- 828,000	250,000	828,000	-	-	828,000
<b>Total budget</b>	<b>5,841,900</b>	<b>- 1,920,802</b>	<b>3,921,098</b>	<b>7,926,632</b>	<b>3,472,900</b>	<b>1,668,900</b>	<b>13,068,432</b>
<b>Summary of financing:</b>							
Grants	1,180,000	187,388	1,367,388	1,076,696	501,000	500,000	2,077,696
Borrowing - supported (SCE-R)	218,000	63	218,063	-	-	-	-
DCC - other	4,443,900	- 2,108,253	2,335,647	6,849,936	2,971,900	1,168,900	10,990,736
<b>Total financing</b>	<b>5,841,900</b>	<b>- 1,920,802</b>	<b>3,921,098</b>	<b>7,926,632</b>	<b>3,472,900</b>	<b>1,668,900</b>	<b>13,068,432</b>



<b>Children and Young People's Services Care and Education</b>	<b>Original Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
<b>Care</b>							
Aycliffe Young People's Centre - Education Extension	-	127,954	127,954	-	-	-	-
Aycliffe Young People's Centre - Fire Detection	-	23,658	23,658	-	-	-	-
Aycliffe Young People's Centre - Security Fence	-	242,195	242,195	-	-	-	-
Aycliffe Young People's Centre - Toilet refurbishment	-	58,436	58,436	-	-	-	-
ICT Mobile Technology Grant	-	113,932	113,932	-	-	-	-
IRT Children's Services Grant	167,000	82,768	249,768	-	-	-	-
Transport - purchase of vehicles	101,000	-	101,000	70,000	22,000	-	92,000
<b>Education</b>							
Basic Need Allocation (SCE-R)	-	-	-	1,631,189	1,631,189	1,631,189	4,893,567
Belmont School drainage improvements	-	11,269	11,269	-	-	-	-
Benfieldside children's centre	-	743,076	743,076	187,255	-	-	187,255
Bishop Barrington Sports College	-	100,000	100,000	50,000	-	-	50,000
Bishop Ian Ramsey CE - LEA liability	146,000	-	146,000	146,000	-	-	146,000
Brandon Juniors surplus place removal	-	18,550	18,550	-	-	-	-
Brownie Primary surplus place removal	-	7,500	7,500	-	-	-	-
Byers Green Primary New Build Replacement	1,175,968	151,219	1,327,187	100,000	-	-	100,000
Cassop Primary surplus place removal	-	21,355	21,355	-	-	-	-
Chilton Children's Centre	-	46,598	46,598	-	-	-	-
Consett Community Sport College (Blackfyne)	-	235	235	-	-	-	-
Crook St Cuthbert's RC LEA liability	-	158,000	158,000	-	-	-	-
Durham Community Business College - Federation	-	353,792	353,792	25,000	-	-	25,000
Durham Community Business College - Vocational Centre	-	363,000	363,000	-	-	-	-
Deerness Valley Business & Enterprise College	-	61,892	61,892	-	-	-	-
Durham Johnston Comp Language College	-	2,654	2,654	-	-	-	-
Easington Science College	-	150,000	150,000	-	-	-	-
Extended Schools	-	-	-	870,184	921,981	476,529	2,268,694
Ferryhill Pupil Referral Unit	-	30,987	30,987	-	-	-	-
Fire Safety - Schools	500,000	-	500,000	-	-	-	-
Fishburn Primary Children's Centre	-	353,503	353,503	569,421	-	-	569,421
General Surestart Capital Grant	3,247,298	-	3,177,808	69,490	-	-	-
Glendene Special School Arts College	-	3,087	3,087	-	-	-	-
Greencroft Comp Specialist College Project	-	44,337	44,337	-	-	-	-
Greenfield Arts & Community College NOF PE & Sport	-	140,134	140,134	-	-	-	-

<b>Children and Young People's Services Care and Education</b>	<b>Original Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
Gurney Valley Community Primary	-	230,000	230,000	-	-	-	-
Harnessing Technology	-	-	-	2,890,825	2,926,124	2,240,820	8,057,769
Kelloe Primary Children's Centre	-	628,236	628,236	216,241	-	-	216,241
King James Arts College	-	7,219	7,219	-	-	-	-
Middlestone Moor Children's Centre	-	146,055	146,055	313,805	-	-	313,805
Murton Primary Surplus Place Removal	-	11,450	11,450	-	-	-	-
National Grid for Learning - Broadband	675,000	218,913	893,913	-	-	-	-
New Deals - Modernisation	5,070,850	5,403,269	332,419	8,029,884	6,625,983	6,625,983	21,281,850
Other ICT allocation (SCE-R)	-	-	-	522,263	-	-	522,263
Ouston Infants surplus place removal	-	400	400	-	-	-	-
Park View Community School - extension & alterations	-	176,081	176,081	-	-	-	-
Peterlee Eden Community Primary - new build	6,195,612	3,830,734	2,364,878	3,650,099	-	-	3,650,099
Primary Capital Programme	-	-	-	-	6,016,015	-	6,016,015
Roseberry Primary surplus place removal	-	3,650	3,650	-	-	-	-
Sacriston Children's Centre	-	3,000	3,000	838,470	-	-	838,470
School Devolved Capital	9,241,064	639,267	9,880,331	9,192,270	13,792,270	9,142,270	32,126,810
Schools Access	851,568	54,295	905,863	948,590	948,590	948,590	2,845,770
Seaham Princess Road - new build	3,968,252	968,252	3,000,000	3,519,054	-	-	3,519,054
Sherburn Primary Children's Centre	-	92,926	92,926	1,009,038	-	-	1,009,038
Sildon St John's CE - LEA contribution	-	202,013	202,013	-	-	-	-
Special Schools in west of County	-	155,143	155,143	-	-	-	-
Stephenson Way Primary Various Works	-	200,488	200,488	-	-	-	-
Structural Maintenance - DSG	3,892,900	477,146	3,415,754	3,892,900	3,892,900	3,892,900	11,678,700
Structural Maintenance - LEA liability	230,500	89,047	319,547	230,500	230,500	230,500	691,500
Sunnydale Maths & Computing College	-	300,000	300,000	-	-	-	-
Surestart Early Years & Child Care	-	-	-	2,186,000	2,734,000	2,329,000	7,249,000
Surestart Play Areas Holding Account	-	185,000	185,000	-	-	-	-
Surestart Extended Schools Holding Account	-	59,426	59,426	-	-	-	-
Tanfield Lea Juniors & Infants - Amalgamation	50,000	221,929	271,929	100,000	-	-	100,000
Teesdale Comp Virtual Learning Environment	-	300,928	300,928	-	-	-	-
Teesdale Comp Vocational Skills Centre	-	247,554	247,554	-	-	-	-
Ushaw Moor Juniors adaptations	1,406,508	153,643	1,560,151	-	-	-	-
Wellfield Comp Vocational Centre	-	166,141	166,141	-	-	-	-
Willington Parkside Sports College	-	150,000	150,000	-	-	-	-

Children and Young People's Services Care and Education	Original Budget 2007/08 £	Revisions in 2007/08 (inc slippage from 2006/07) £	Revised Budget 2007/08 inc slippage £	Budget 2008/09 £	Budget 2009/10 £	Budget 2010/11 £	Total 2008/09 to 2010/11 £
Wolsingham School & Community College Arts College	-	41,656	41,656	-	-	-	-
Woodham Burn Junior & Infants Surplus Place Removal	-	782,486	782,486	-	-	-	-
Woodhouse Close Infant & Nursery - amalgamation	936,750	-	351,561	-	-	-	-
Youth Capital Fund	-	354,470	354,470	268,142	268,142	268,142	804,426
<b>Total budget</b>	<b>27,714,570</b>	<b>5,683,315</b>	<b>33,397,885</b>	<b>41,457,130</b>	<b>40,009,694</b>	<b>27,785,923</b>	<b>109,252,747</b>

<b>Summary of financing:</b>							
Grants	14,863,276	6,067,386	20,930,662	17,891,651	28,717,021	20,458,137	67,066,809
Contributions	90,000	337,080	427,080	50,000	-	-	50,000
Direct Revenue Funding - DSG	3,892,900	-	3,415,754	3,892,900	3,892,900	3,892,900	11,678,700
Reserves - Aycliffe	-	57,914	57,914	-	-	-	-
Borrowing - supported (SCE-R)	7,361,894	-	5,014,713	12,075,206	6,472,273	3,204,386	21,751,865
DCC - other	1,506,500	2,045,262	3,551,762	7,547,373	927,500	230,500	8,705,373
<b>Total financing</b>	<b>27,714,570</b>	<b>5,683,315</b>	<b>33,397,885</b>	<b>41,457,130</b>	<b>40,009,694</b>	<b>27,785,923</b>	<b>109,252,747</b>

Children and Young People's Services Building Schools for the Future	Original Budget 2007/08 £	Revisions in 2007/08 (inc slippage from 2006/07) £	Revised Budget 2007/08 inc slippage £	Budget 2008/09 £	Budget 2009/10 £	Budget 2010/11 £	Total 2008/09 to 2010/11 £
BSF - Local Education Partnership	250,000	-	250,000	-	250,000	-	250,000
BSF Phase 1 funding gap	-	-	-	2,290,000	-	-	2,290,000
Durham Johnston School Reorganisation	14,500,000	-	3,016,672	14,832,091	-	-	14,832,091
<b>Total budget</b>	<b>14,750,000</b>	<b>-</b>	<b>3,266,672</b>	<b>17,122,091</b>	<b>250,000</b>	<b>-</b>	<b>17,372,091</b>

<i>Summary of financing:</i>								
Grants	3,000,000		8,483,328	11,483,328	5,016,672	-	-	5,016,672
Borrowing - unsupported	3,800,000	-	3,800,000	-	-	-	-	-
DCC - other	7,950,000	-	7,950,000	-	12,105,419	250,000	-	12,355,419
<b>Total financing</b>	<b>14,750,000</b>	<b>-</b>	<b>3,266,672</b>	<b>11,483,328</b>	<b>17,122,091</b>	<b>250,000</b>	<b>-</b>	<b>17,372,091</b>

Children and Young People's Services Total	Orig Budget 2007/08 £	Revisions in 2007/08 (inc slippage from 2006/07) £	Revised Budget 2007/08 inc slippage £	Budget 2008/09 £	Budget 2009/10 £	Budget 2010/11 £	Total 2008/09 to 2010/11 £
Care and Education	27,714,570	5,683,315	33,397,885	41,457,130	40,009,694	27,785,923	109,252,747
Building Schools for the Future	14,750,000	-	3,266,672	17,122,091	250,000	-	17,372,091
<b>Total budget</b>	<b>42,464,570</b>	<b>2,416,643</b>	<b>44,881,213</b>	<b>58,579,221</b>	<b>40,259,694</b>	<b>27,785,923</b>	<b>126,624,838</b>

<b>Environment - Waste Disposal</b>	<b>Original Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
Waste minimisation	2,182,440	- 38,475	2,143,965	867,000	864,000	317,000	2,048,000
Waste transfer stations	18,000	-	18,000	-	-	-	-
<b>Total budget</b>	<b>2,200,440</b>	<b>- 38,475</b>	<b>2,161,965</b>	<b>867,000</b>	<b>864,000</b>	<b>317,000</b>	<b>2,048,000</b>
<b>Summary of financing:</b>							
Grants	703,300	-	703,300	867,000	864,000	317,000	2,048,000
DCC - other	1,497,140	- 38,475	1,458,665	-	-	-	-
<b>Total financing</b>	<b>2,200,440</b>	<b>- 38,475</b>	<b>2,161,965</b>	<b>867,000</b>	<b>864,000</b>	<b>317,000</b>	<b>2,048,000</b>

<b>Environment - Reclamation and Countryside</b>	<b>Original Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
<b>Reclamation of Derelict Land</b>							
<i>Major Reclamation Schemes:</i>							
Adelaide/West Auckland/Barnard Castle Railway	100,000	- 35,000	65,000	80,000	890,000	40,000	1,010,000
Barnard Castle/Middleton-in-Teesdale Railway	-	153,000	153,000	-	-	-	-
Belmont to Pitlington Cycleway	-	-	-	53,685	31,918	-	85,603
Bessemer Park	-	164,000	164,000	-	-	-	-
Blackhall Colliery	-	5,000	5,000	-	-	-	-
Dawdon Colliery Phase 2	-	6,000	6,000	-	-	-	-
Derwent Walk	-	131,000	131,000	-	-	-	-
East Hetton Colliery Phase 3	-	3,000	3,000	-	-	-	-
Frankland Branch Railway	-	5,000	5,000	-	-	-	-
Leasingthorne Colliery	-	3,000	3,000	-	-	-	-
Thorpe Thewles Railway	-	6,000	6,000	-	-	-	-
Waskerley Way	-	161,000	161,000	-	-	-	-
<i>Minor Reclamation Schemes:</i>							
Minewater pollution	24,780	-	24,780	26,000	6,000	25,000	57,000
Long sea outfalls	6,650	- 2,000	4,650	7,000	3,050	5,000	15,050
South west Durham Heritage Corridor	132,000	- 112,000	20,000	147,500	218,610	224,170	590,280
<i>Advance Land Acquisition:</i>							
Advance Works etc	20,000	10,000	30,000	5,000	5,000	5,000	15,000
Contaminated land survey	7,500	- 8,000	500	2,500	7,500	2,500	12,500
Derelict land survey	13,700	- 14,000	300	7,500	2,500	7,500	17,500
<b>Total Reclamation of Derelict Land</b>	<b>304,630</b>	<b>476,000</b>	<b>780,630</b>	<b>329,185</b>	<b>1,164,578</b>	<b>309,170</b>	<b>1,802,933</b>
<b>Countryside and the environment</b>							
Slippage to 2006/07	-	- 31,948	31,948	-	-	-	-
Small Projects Revisions	-	230,500	230,500	-	-	-	-
<b>Environmental Improvement Schemes</b>							
Annfield Plain	-	23,000	23,000	-	-	-	-
Barnard Castle - Market Towns Project	-	45,000	45,000	-	-	-	-
Bishop Auckland - Newgate	193,700	- 194,000	300	115,000	70,000	20,000	205,000
Bishop Auckland	-	378,000	378,000	-	-	-	-
Blackhill	-	-	-	-	25,000	25,000	50,000
Bowburn	-	-	-	60,000	90,000	90,000	240,000
Burnhope	-	-	-	67,000	50,000	-	117,000
Catchgate	-	-	-	-	-	-	-
Chester-le-Street	20,000	-	20,000	20,000	20,000	20,000	60,000

<b>Environment - Reclamation and Countryside</b>	<b>Original Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
Chilton	20,000	40,000	60,000	-	-	-	-
Cockfield	20,000	-	20,000	20,000	80,000	95,000	195,000
Consett	-	-	-	170,000	85,000	-	255,000
Coundon	-	-	-	-	25,000	25,000	50,000
Coundon Grange	108,430	-	108,430	40,000	-	-	40,000
Crook	-	2,000	2,000	-	-	-	-
Crook Hilltop Villages	40,000	-	40,000	40,000	-	-	40,000
Dene Valley	-	-	-	-	25,000	-	25,000
Dipton	43,640	10,000	53,640	76,930	-	-	76,930
Durham City Centre	160,000	-	160,000	210,000	105,000	-	315,000
Durham City - Claypath & Gilesgate	-	-	-	-	-	-	-
Edmondsley	-	-	-	70,000	-	-	70,000
Esh	-	-	-	70,000	-	-	70,000
Esh Winning	110,000	15,000	125,000	-	-	-	-
Evenwood and Ramshaw	20,000	-	20,000	15,000	350,000	120,000	485,000
Ferryhill Station	-	-	-	55,000	65,000	15,000	135,000
Frosterley	-	-	-	-	-	-	-
Grange Villa	50,000	-	50,000	-	-	-	-
Haswell	-	-	-	115,000	-	-	115,000
Hornden	25,000	45,000	70,000	-	-	-	-
Leadgate	135,010	50,000	185,010	-	-	-	-
Newton Aycliffe	-	-	-	-	96,000	-	96,000
Pelton	-	40,000	40,000	-	-	-	-
Peterlee	-	58,000	58,000	80,000	-	-	80,000
Sacrison	-	7,000	7,000	-	75,000	-	75,000
Seaham	30,000	-	30,000	80,000	345,000	-	425,000
Shotley Bridge	-	-	-	67,000	-	-	67,000
Shotton Colliery	55,000	146,000	201,000	-	-	-	-
South Hetton	-	-	-	50,000	-	-	50,000
South Moor	15,000	-	15,000	-	72,000	3,000	75,000
Spennymoor	-	30,000	30,000	-	-	-	-
Stanley	35,000	-	20,000	-	20,000	20,000	40,000
Thornley	-	109,000	109,000	-	-	-	-
Tow Law	-	-	-	40,000	-	-	40,000
Trimdon Station-Deaf Hill, Easington	-	50,000	50,000	-	-	-	-
Trimdons - Sedgfield BC	45,000	105,000	150,000	-	-	-	-
Ushaw Moor	45,000	20,000	65,000	-	-	-	-
Wearhead	90,000	25,000	115,000	-	-	-	-

<b>Environment - Reclamation and Countryside</b>	<b>Original Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
West and St Helen Auckland	360,000	- 154,000	206,000	335,000	154,999	-	489,999
West Cornforth	70,000	- 45,000	25,000	70,000	70,000	-	140,000
Wheatley Hill	20,000	38,000	58,000	-	-	-	-
Willington	-	-	-	-	50,000	25,000	75,000
Witton Gilbert	-	16,000	16,000	-	-	-	-
Small Projects Fund	-	688,000	688,000	-	-	-	-
Minor schemes	279,220	- 279,000	220	187,570	300,000	-	487,570
Future Schemes - Urban Renaissance	120,000	- 120,000	-	500,000	1,320,000	-	1,820,000
Staff & other associated costs	60,000	-	60,000	60,000	60,000	-	120,000
<b>Environmental and Countryside schemes</b>	<b>2,170,000</b>	<b>1,276,552</b>	<b>3,446,552</b>	<b>2,613,500</b>	<b>3,552,999</b>	<b>458,000</b>	<b>6,624,499</b>
Landscape Partnership Schemes	-	-	-	-	-	-	-
Hardwick Hall Country Park	728,824	1,806,000	2,534,824	-	-	-	-
Minerals Valley Project -							
Woodlands and Wildlife	103,500	226,000	329,500	-	-	-	-
Accessible Countryside	46,630	- 34,000	12,630	-	-	-	-
Heritage Coast -							
Dawdon Noses Point	231,000	- 132,000	99,000	-	-	-	-
Coastal Connections	300,000	- 100,000	200,000	300,000	300,000	-	600,000
Community Education and Advocacy	64,000	1,000	65,000	39,000	40,000	-	79,000
Crimdon Infrastructure & Habitat	-	57,000	57,000	-	-	-	-
Vehicles	-	200,000	200,000	302,000	44,000	16,000	362,000
Rangers	76,760	-	76,760	-	-	-	-
Speculative 1	80,000	- 60,000	20,000	20,000	-	-	20,000
Speculative 2	-	-	-	480,000	-	-	480,000
Speculative 3	47,270	2,000	49,270	43,090	-	-	43,090
	1,677,984	1,966,000	3,643,984	1,184,090	384,000	16,000	1,584,090
Total Countryside & Environment	3,847,984	3,242,552	7,090,536	3,797,590	3,936,999	474,000	8,208,589
<b>Total budget</b>	<b>4,152,614</b>	<b>3,718,552</b>	<b>7,871,166</b>	<b>4,126,775</b>	<b>5,101,577</b>	<b>783,170</b>	<b>10,011,522</b>

<b>Summary of financing:</b>							
Grants	2,112,835	1,713,165	3,826,000	1,529,725	1,808,028	382,620	3,720,373
Contributions	444,308	475,437	919,745	740,500	795,000	80,000	1,615,500
Direct Revenue Funding	4,500	1,500	6,000	-	-	-	-
DCC - other	1,590,971	1,528,450	3,119,421	1,856,550	2,498,549	320,550	4,675,649
<b>Total financing</b>	<b>4,152,614</b>	<b>3,718,552</b>	<b>7,871,166</b>	<b>4,126,775</b>	<b>5,101,577</b>	<b>783,170</b>	<b>10,011,522</b>



Environment - Highways	Original Budget 2007/08 £	Revisions in 2007/08 (inc slippage from 2006/07) £	Revised Budget 2007/08 inc slippage £	Budget 2008/09 £	Budget 2009/10 £	Budget 2010/11 £	Total 2008/09 to 2010/11 £
<b>LTP expenditure</b>							
<b>Major Schemes</b>							
Slippage to 2006/07	-	7,673	- 7,673	-	-	-	-
A167 Chilton By Pass	270,000	70,000	340,000	280,000	-	-	280,000
Dawdon to Seaham Town Centre Link	-	14,952	14,952	-	-	-	-
Durham Park and Ride	300,000	170,000	470,000	70,000	-	-	70,000
TRANSIT 15	75,000	14,000	61,000	-	-	-	-
Wheatley Hill to Bowburn	250,000	7,769,000	8,019,000	2,841,000	-	-	2,841,000
<b>Integrated Transport</b>							
<b>Accessibility</b>							
Bus Interchanges	152,000	15,000	167,000	170,000	167,000	160,000	497,000
Public Transport Information	125,000	15,000	140,000	140,000	199,000	229,000	568,000
Bus Stop Infrastructure (QBP's)	144,000	15,000	159,000	190,000	266,000	250,000	706,000
Bus Priority	133,000	15,000	148,000	200,000	162,000	155,000	517,000
Bus - Joint Initiatives	68,000	-	68,000	65,000	81,000	78,000	224,000
Quality Taxi Partnerships	15,000	-	15,000	18,000	23,000	34,000	75,000
Rail - Strategic Development	72,000	- 8,000	64,000	150,000	122,000	78,000	350,000
Integrated Route management	106,000	- 7,000	99,000	190,000	284,000	298,000	772,000
Rights of Way Improvement Plan	46,000	22,000	68,000	90,000	90,000	86,000	266,000
Improved Access - Existing Developments	-	-	-	-	41,000	39,000	80,000
Area Programmes:							
Chester-le Street District	)	)	)	)	)	)	)
Durham District	)	)	)	)	)	)	)
Derwentside District	390,000	178,000	568,000	785,000	989,000	939,000	2,713,000
Easington District	)	)	)	)	)	)	)
Sedgefield District	)	)	)	)	)	)	)
Wear Valley and Teesdale Districts	-	-	-	)	)	)	)
<b>Road Safety</b>							
Road safety schemes:							
Workplace/School Travel Planning	213,000	-	213,000	240,000	253,000	229,000	722,000
Casualty Reduction	213,000	-	213,000	266,000	289,000	272,000	827,000
Speed Management	65,000	-	65,000	94,000	72,000	69,000	235,000
Local Area Schemes (Members)	278,000	-	278,000	278,000	278,000	278,000	834,000

<b>Environment - Highways</b>	<b>Original Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
Area Programmes:							
Chester-le Street District	)	)	)	)	)	)	)
Durham District	)	)	)	)	)	)	)
Derwentside District	80,000	169,000	249,000	198,000	250,000	237,000	685,000
Easington District	)	)	)	)	)	)	)
Sedgefield District	)	)	)	)	)	)	)
Wear Valley and Teesdale Districts	-	-	-	)	)	)	)
<b>Quality of Life and Health</b>							
Urban and Rural Renaissance - Programme Support	72,000	- 5,000	67,000	95,000	86,000	78,000	259,000
Transport and Health Action Plan Support	122,000	-	122,000	65,000	81,000	78,000	224,000
Area Programmes:							
Chester-le Street District	)	)	)	)	)	)	)
Durham District	)	)	)	)	)	)	)
Derwentside District	315,000	- 190,000	125,000	140,000	176,000	167,000	483,000
Easington District	)	)	)	)	)	)	)
Sedgefield District	)	)	)	)	)	)	)
Wear Valley and Teesdale Districts	-	-	-	)	)	)	)
<b>Road Congestion</b>							
A688 West Auckland By Pass	2,396,000	- 21,000	2,375,000	730,000	-	-	730,000
A689 Crook By Pass	75,000	- 25,000	50,000	30,000	-	-	30,000
Minor Improvements	-	-	-	-	90,000	397,000	487,000
Demand Management	49,000	-	49,000	40,000	41,000	-	81,000
Traffic Management	72,000	- 19,000	53,000	50,000	54,000	-	104,000
Movement of Freight	23,000	- 13,000	10,000	5,000	23,000	-	28,000
Area Programmes:							
Chester-le Street District	)	)	)	)	)	)	)
Durham District	)	)	)	)	)	)	)
Derwentside District	77,000	- 42,000	35,000	38,000	48,000	45,000	131,000
Easington District	)	)	)	)	)	)	)
Sedgefield District	)	)	)	)	)	)	)
Wear Valley and Teesdale Districts	-	-	-	)	)	)	)
<b>Air Quality</b>							
EAST Initiative	34,000	- 34,000	-	-	-	-	-

<b>Environment - Highways</b>	<b>Original Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
<b>Structural Maintenance</b>							
Carriageway	5,050,000	96,000	5,146,000	6,089,000	7,050,000	7,615,000	20,754,000
Structures	1,800,000	- 367,000	1,433,000	2,740,000	3,175,000	3,430,000	9,345,000
Street Lighting - Column Replacement	399,000	18,000	417,000	917,000	917,000	917,000	2,751,000
Capital detrunking - A167	-	1,100,000	1,100,000	1,652,000	-	-	1,652,000
Total LTP Expenditure	13,479,000	8,914,279	22,393,279	18,856,000	15,307,000	16,158,000	50,321,000
<b>Road Safety Specific Grant Funded Expenditure</b>							
Road Safety	168,619	-	168,619	164,922	153,783	151,385	470,090
Total Road Safety Specific Grant Funded Expenditure	168,619	-	168,619	164,922	153,783	151,385	470,090
<b>Other Expenditure</b>							
PLI Footway	-	66,779	66,779	-	-	-	-
Footway maintenance - Cat 1 & 2	-	500,000	500,000	-	-	-	-
Footway maintenance - Cat 3 & 4	-	500,000	500,000	-	-	-	-
Local Area Schemes (Members)	478,000	208,278	686,278	100,000	100,000	100,000	300,000
Lighting Improvements	367,000	156,803	523,803	366,000	-	-	366,000
Street Lighting - Column Replacement	100,000	-	100,000	100,000	100,000	-	200,000
Street Lighting - Energy Efficiency	50,000	-	50,000	50,000	50,000	-	100,000
Street Lighting - Fear of Crime	-	7,000	7,000	-	-	-	-
Vehicle and Plant Replacement	405,000	- 171,000	234,000	110,000	200,000	300,000	610,000
Depot Capital - Salt Storage Facilities	-	171,492	171,492	-	-	-	-
Total Other Expenditure	1,400,000	1,439,352	2,839,352	726,000	450,000	400,000	1,576,000
<b>Total budget</b>	<b>15,047,619</b>	<b>10,353,631</b>	<b>25,401,250</b>	<b>19,746,922</b>	<b>15,910,783</b>	<b>16,709,385</b>	<b>52,367,090</b>
<b>Summary of financing:</b>							
Grants	2,950,619	9,209,000	12,159,619	6,229,922	1,942,783	1,949,385	10,122,090
Direct Revenue Funding	378,000	1,000,000	1,378,000	-	-	-	-
Borrowing - supported (SCE-R)	10,697,000	- 309,673	10,387,327	12,791,000	13,518,000	14,360,000	40,669,000
DCC - other	1,022,000	454,304	1,476,304	726,000	450,000	400,000	1,576,000
<b>Total financing</b>	<b>15,047,619</b>	<b>10,353,631</b>	<b>25,401,250</b>	<b>19,746,922</b>	<b>15,910,783</b>	<b>16,709,385</b>	<b>52,367,090</b>

<b>Environment - Scientific Services and Trading Standards</b>	<b>Original Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
Scientific services equipment	-	17,504	17,504	-	-	-	-
Trading Standards Equipment	-	20,000	20,000	-	-	-	-
<b>Total budget</b>	-	<b>37,504</b>	<b>37,504</b>	-	-	-	-
<b>Summary of financing:</b>							
DCC - other	-	37,504	37,504	-	-	-	-
<b>Total financing</b>	-	<b>37,504</b>	<b>37,504</b>	-	-	-	-

<b>Environment - Economic Development</b>	<b>Original Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
<b>Tourism</b>							
Tourism enterprise scheme grants	-	50,000	50,000	-	-	-	-
<b>Industry</b>							
Belmont Business Park - drainage	-	12,000	12,000	-	-	-	-
Durham Dales Centre - subdivide unit	-	15,000	15,000	-	-	-	-
Heighington Lane West - mitigation works	-	48,000	48,000	-	-	-	-
NETpark	-	200,000	200,000	-	-	-	-
NETpark incubator 2	-	379,250	379,250	4,337,750	128,000	-	4,465,750
Stainton Grove	-	350,000	350,000	-	-	-	-
Low Willington	91,000	916,100	1,007,100	-	-	-	-
Infrastructure	425,000	250,000	175,000	300,000	200,000	-	500,000
<b>Total budget</b>	<b>516,000</b>	<b>1,720,350</b>	<b>2,236,350</b>	<b>4,637,750</b>	<b>328,000</b>	<b>-</b>	<b>4,965,750</b>

<b>Summary of financing:</b>							
Grants	-	1,052,350	1,052,350	1,165,750	-	-	1,165,750
DCC - other	516,000	668,000	1,184,000	3,472,000	328,000	-	3,800,000
<b>Total financing</b>	<b>516,000</b>	<b>1,720,350</b>	<b>2,236,350</b>	<b>4,637,750</b>	<b>328,000</b>	<b>-</b>	<b>4,965,750</b>

<b>Environment Total</b>	<b>Orig Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
Waste Disposal	2,200,440	- 38,475	2,161,965	867,000	864,000	317,000	2,048,000
Reclamation and Countryside	4,152,614	3,718,552	7,871,166	4,126,775	5,101,577	783,170	10,011,522
Highways	15,047,619	10,353,631	25,401,250	19,746,922	15,910,783	16,709,385	52,367,090
Scientific Services and Trading Standards	-	37,504	37,504	-	-	-	-
Economic Development	516,000	1,720,350	2,236,350	4,637,750	328,000	-	4,965,750
<b>Total budget</b>	<b>21,916,673</b>	<b>15,791,562</b>	<b>37,708,235</b>	<b>29,378,447</b>	<b>22,204,360</b>	<b>17,809,555</b>	<b>69,392,362</b>

<b>Corporate Services</b>	<b>Original Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
Admin Buildings - structural maintenance	100,700	-	100,700	100,700	100,700	100,700	302,100
Disability Discrimination Act	-	277,796	277,796	1,200,000	500,000	-	1,700,000
Maintenance of filled Waste Disposal Sites	-	-	-	-	-	-	-
County Farms - capital improvement	104,000	20,787	124,787	-	-	-	-
County Farms - structural maintenance	41,100	-	41,100	41,100	41,100	41,100	123,300
Energy management - boiler replacement	-	-	-	-	-	-	-
Energy Management Programme	400,000	- 124,303	275,697	-	-	-	-
Greencroft	1,550,000	-	1,550,000	-	-	-	-
The Avenue Site, Newton Aycliffe	1,620,000	-	1,620,000	-	-	-	-
St John's Square, Seaham	5,500,000	- 5,400,000	100,000	3,240,000	2,160,000	-	5,400,000
Vehicles	-	-	-	-	-	85,000	85,000
Repairs and maintenance-capitalised (emergencies)	500,000	-	500,000	500,000	500,000	-	1,000,000
Fire Safety - non-schools	250,000	-	250,000	-	-	-	-
<b>Total budget</b>	<b>10,065,800</b>	<b>- 5,225,721</b>	<b>4,840,079</b>	<b>5,081,800</b>	<b>3,301,800</b>	<b>226,800</b>	<b>8,610,400</b>
<b>Summary of financing:</b>							
DCC - other	10,065,800	- 5,225,721	4,840,079	5,081,800	3,301,800	226,800	8,610,400
<b>Total financing</b>	<b>10,065,800</b>	<b>- 5,225,721</b>	<b>4,840,079</b>	<b>5,081,800</b>	<b>3,301,800</b>	<b>226,800</b>	<b>8,610,400</b>

County Treasurer	Original Budget 2007/08 £	Revisions in 2007/08 (inc slippage from 2006/07) £	Revised Budget 2007/08 inc slippage £	Budget 2008/09 £	Budget 2009/10 £	Budget 2010/11 £	Total 2008/09 to 2010/11 £
<b>Finance</b>							
Replacement payroll system	74,800	700,276	775,076	-	-	-	-
Enterprise Resource Planning System	1,804,500	1,697,500	3,502,000	449,772	-	-	449,772
<b>Customer Services*</b>							
PC / Server Replacement	1,024,271	301,274	1,325,545	1,073,271	944,271	944,271	2,961,813
Corporate Contact Centre	-	320,000	320,000	-	-	-	-
e-Govt Partnership Programme CRM project	367,000	85,000	282,000	-	-	-	-
<b>Total budget</b>	<b>3,270,571</b>	<b>2,934,050</b>	<b>6,204,621</b>	<b>1,523,043</b>	<b>944,271</b>	<b>944,271</b>	<b>3,411,585</b>
<b>Summary of financing:</b>							
Direct Revenue Funding	-	320,000	320,000	-	-	-	-
Reserves - IT Renewals	588,033	301,274	889,307	796,747	944,271	944,271	2,685,289
DCC - other	2,682,538	2,312,776	4,995,314	726,296	-	-	726,296
<b>Total financing</b>	<b>3,270,571</b>	<b>2,934,050</b>	<b>6,204,621</b>	<b>1,523,043</b>	<b>944,271</b>	<b>944,271</b>	<b>3,411,585</b>

\* Budget was part of Chief Executive's in 2007/08

<b>Service Direct</b>	<b>Original Budget 2007/08</b>	<b>Revisions in 2007/08 (inc slippage from 2006/07)</b>	<b>Revised Budget 2007/08 inc slippage</b>	<b>Budget 2008/09</b>	<b>Budget 2009/10</b>	<b>Budget 2010/11</b>	<b>Total 2008/09 to 2010/11</b>
	£	£	£	£	£	£	£
Vehicles, Plant and Equipment	707,000	-	707,000	750,000	780,000	795,000	2,325,000
<b>Total budget</b>	<b>707,000</b>	<b>-</b>	<b>707,000</b>	<b>750,000</b>	<b>780,000</b>	<b>795,000</b>	<b>2,325,000</b>
<b>Summary of financing:</b>							
Reserves - Service Direct	707,000	-	707,000	750,000	780,000	795,000	2,325,000
<b>Total financing</b>	<b>707,000</b>	<b>-</b>	<b>707,000</b>	<b>750,000</b>	<b>780,000</b>	<b>795,000</b>	<b>2,325,000</b>



## Section K – Capital Budget 2008/09 to 2010/11– Service Commentaries

### Adult and Community Services

#### Executive Summary

	<b>2007/08 Original Budget £</b>	<b>2007/08 Projected Outturn £</b>	<b>2008/09 Original Budget £</b>	<b>2009/10 Original Budget £</b>	<b>2010/11 Original Budget £</b>
<b>Adult and Community Services</b>	5,841,900	4,101,075	7,926,632	3,472,900	1,668,900

- 1 A range of schemes for 2008/09 were included in the current Medium Term Financial Plan. A total budget of £3,263,400 was included for the following schemes:
- Structural maintenance of £345,900.
  - Vehicle replacement of £549,500.
  - Government capital grant for Mental Health Services of £218,000.
  - Residential homes – a budget of £2,000,000 representing the second tranche of the £6,000,000 total budget.
  - Day Service Improvement set-up costs of £150,000.

#### Slippage

- 2 In addition to these original schemes it is estimated that £4,380,000 will be 'stripped' from the 2007/08 budget. Key issues here are as follows:
- Estimated £1,900,000 under-spend on Residential homes – awaiting final Cabinet agreement.
  - Estimated £828,000 under-spend on Gypsy and Travellers sites – awaiting full feasibility on all sites.
  - Estimated £345,000 under-spend on Library Modernisation.
  - Estimated £358,000 under-spend on Learning Disability Shared Living Schemes – at this stage schemes are being developed that have a neutral capital cost.

#### Additional 2008/09 budgets

- 3 Two additional sums have been allocated to the Adult and Community Services (ACS) budget as follows:
- The Government Grant in relation to Mental Health is £20,000 higher than the anticipated figure of £218,000.
  - The County Council has received a £264,000 allocation from the 'Single Capital Pot' for 'Social Care' service.

## Summary

- 4 Overall the Capital Budget for ACS will be £7,926,632. This will enable a range of improvements to be made to the building stock, the vehicle fleet and IT infrastructure.

## Chief Executive's Office (CEO)

	<b>2007/08 Original Budget £</b>	<b>2007/08 Projected Outturn £</b>	<b>2008/09 Original Budget £</b>	<b>2009/10 Original Budget £</b>	<b>2010/11 Original Budget £</b>
<b>CEO</b>	1,907,271	3,453,000	0	0	0

### Executive Summary

- 5 The 2007/08 capital programme for the CEO provided investment in the key service areas of industrial development (Economic Development and Regeneration) and IT infrastructure (Customer Services). These services are no longer part of the CEO from 1<sup>st</sup> April 2008 onwards.

### New Schemes

- 6 No new schemes have been added to the programme during this plan period.

### Significant Variations between the years

- 7 Due to Service restructures, the Economic Development and Regeneration Division budget has transferred to Environment and Customer Services budget to County Treasurer and Other Services from 2008/09. As there have been no new schemes added to the programme, the capital budget for CEO is nil with effect from 2008/09.
- 8 The capital outturn in 2007/08 is higher than the original budget due to slippage on several schemes from 2006/07 and additional spend on the Low Willington Industrial Site which will be funded from grants.

## Children and Young People's Service

	<b>2007/08 Original Budget £</b>	<b>2007/08 Projected Outturn £</b>	<b>2008/09 Original Budget £</b>	<b>2009/10 Original Budget £</b>	<b>2010/11 Original Budget £</b>
<b>Care and Education</b>	27,714,570	33,397,885	41,457,130	40,009,694	27,785,923
<b>Building Schools for the Future</b>	14,750,000	11,483,328	17,122,091	250,000	-
<b>Total</b>	<b>42,464,570</b>	<b>44,881,213</b>	<b>58,579,221</b>	<b>40,259,694</b>	<b>27,785,923</b>

### Executive Summary

#### Capital

- 1 The main area of focus is the BSF programme which is being developed to the defined timetable.
- 2 Durham Johnston, the single largest project with a budget of £29m (excluding ICT), is under construction. Completion is expected for the Summer of 2009.
- 3 Modernisation budget - projects planned for 2008/09 are as follows:
  - Bishop Ian Ramsay CE
  - Byers Green Primary – New School
  - Peterlee Eden Community Primary – New School
  - Seaham Princess Road – New School
  - Tanfield Lea Junior and Infants – Amalgamation
  - Woodham Burn Community Primary
  - Red Rose Primary

#### Capitalised Maintenance - £3,892,800

- 4 The 2007/08 programme (funded from within the DSG) varied by new emergencies that have arisen, has been reported to the Schools Forum and is on target for completion. The flexibility presented by the new grant regime has allowed some of the 2007/08 allocation to be used to fund an overspend in 2006/07. The 2008/09 programme has been prepared and commissioned for implementation. Additional County Council funding has been secured for 2008/09 to address emergency needs for non-schools property and facilitate delivery of the full planned programme.

### **Access Initiative - £948,950**

- 5 It is anticipated that there may be an underspend on the 2007/08 programme and this will be carried forward for use in 2008/09. The 2008/09 programme is being defined and will be commissioned in the near future.

### **Risk**

- 6 Risk assessments are carried out for major capital projects and initiatives e.g. Durham Johnston and BSF. Property officers are to develop a risk register for the capitalised maintenance programme.

### **Partnership Working**

- 7 Partnership working is a key feature of the capital planning process and current partnerships and consultees include:
- BSF Project Team
  - Strategic Alliance (Building)
  - Sure Start
  - Access Initiative Working Group
  - Schools Forum
  - Disability Partnership
  - PCT
  - SAMPAG (not operational)

## Corporate Services

	<b>2007/08 Original Budget £</b>	<b>2007/08 Projected Outturn £</b>	<b>2008/09 Original Budget £</b>	<b>2009/10 Original Budget £</b>	<b>2010/11 Original Budget £</b>
<b>Corporate Services</b>	10,065,800	3,310,000	5,081,800	3,301,800	226,800

### Executive Summary

- 1 The capital programme for Corporate Services comprises of a number of schemes to maintain and improve the Authority's property portfolio. Through the asset management plan process the service was successful in securing resources to enable a number of new schemes to begin during 2007/08. These schemes represent a significant investment in property assets designed to enable the provision of value for money services as well as maintaining the existing building stock.

### New Schemes

- 2 No new schemes have been added to the programme during this plan period.

### Significant Variations Between the Years

- 3 An under-spend of £5.2m is projected at outturn in 2007/08. The original budget includes £7.1m for St John's Square and The Avenue projects. These are three year projects and only a small amount of expenditure will be incurred in 2007/08; the majority will be spent in the following two years and therefore it is anticipated that the unspent balance from 2007/08 will be carried forward.
- 4 The capital budget is reduced from 2008/09 onwards as no new schemes have been included in this plan and work on the St.John's Square and The Avenue schemes are scheduled for completion in 2009/10.

### Implications for the Service

- 5 A number of the schemes in the current programme are necessary in order to maintain, improve and prevent further deterioration of the Authority's property assets. It is essential that property assets are maintained in order to ensure service continuity and reduce the need for more costly major works in the future. The St John's Square and The Avenue schemes have been designed to provide improved local access to services and contribute to the Authority's Priority of Improving Health.

## County Treasurer and Other Services

	2007/08 Original Budget £	2007/08 Projected Outturn £	2008/09 Original Budget £	2009/10 Original Budget £	2010/11 Original Budget £
<b>County Treasurer and Other Services</b>	1,879,300	4,007,000	1,523,043	944,271	944,271

### Executive Summary

- 1 The capital programme for County Treasurer and Other Services mainly relates to:
  - the final phase for replacement of the current financial management system with the ORACLE Enterprise Resource Planning (ERP) System. This scheme will assist in the provision of financial systems which are best in class and provide value for money across the Authority;
  - the continued phased replacement of the Authority's IT assets via the centralised renewals policy. This will ensure the provision of value for money services in a rapidly changing environment as information technology provides the catalyst for releasing efficiency savings.

### New Schemes

- 2 There are no new schemes in the programme.

### Significant Variations

- 3 The 2007/08 budget has been increased by £1.2m in additional funding and £1.2m in budget brought forward from 2008/09 and 2009/10 for the ORACLE ERP System and second phase of Resourcelink. The projected outturn is higher than the original budget, but £0.3m lower than the revised budget.
- 4 The variation between the years relates to the phased programme of system and IT asset replacements.

### Implications for the Service

- 5 It is anticipated that in the medium term there will be significant revenue cost savings as a result of the key system modernisation projects which are designed to reduce transaction processing costs whilst at the same time providing improved management information. This will assist in ensuring that the Authority maintains and improves the CPA Use of Resources score. Robust project management and

reporting arrangements have been implemented to manage the risks associated with these key projects.

- 6 The Centralised Renewals Policy for IT assets will ensure that equipment is replaced before it becomes obsolete resulting in quicker response times, increased reliability, capability to use the latest technology and fewer operational problems. This will significantly reduce the risk of major IT systems failure.



## Environment

	2007/08 Original Budget £	2007/08 Projected Outturn £	2008/09 Original Budget £	2009/10 Original Budget £	2010/11 Original Budget £
<b>Highways and Transportation</b>	15,047,619	24,573,000	19,746,922	15,910,783	16,709,385
<b>Countryside and the Environment</b>	4,152,614	7,501,000	4,126,775	5,101,577	783,170
<b>Waste Disposal</b>	2,200,400	2,161,000	867,000	864,000	317,000
<b>Trading Standards and Scientific Services</b>	0	38,000	0	0	0
<b>Economic Development</b>	516,000	1,919,000	4,637,750	328,000	0
<b>Total</b>	<b>21,916,633</b>	<b>36,192,000</b>	<b>29,378,447</b>	<b>22,204,360</b>	<b>17,809,555</b>

## Executive Summary

- 1 The Capital Strategy is determined by County Council policies and priorities, notably through the Local Transport Plan but also through initiatives such as the Urban and Rural Renaissance Programme. Other elements of the Council's and Service Capital Programmes are determined by the prioritisation process under the Asset Management Plan and by opportunities provided by external funding partners providing that this aligns with Council priorities.
- 2 Value for money is demonstrated through the arrangements which the Council has with its Strategic Alliance Partner which includes Target Costing and Agreed Maximum Price for projects and an opportunity to share in any efficiency and other savings generated through partnership and joint working. Target Costs have been tested against competitively won contracts. The Alliance is now into the first year of a two year extension and consideration is now being given to new arrangements to replace this in October 2009.

## New Schemes

- 3 The second Local Transport Plan (LTP2) was submitted in March 2006 and sets out the County's planned transport investments over the next 5 years. LTP2 focuses particularly on accessibility with more emphasis being given to the provision of community transport. In addition linkages have been developed with the seven Local Strategic Partnerships (LSPs) enabling their transport related community priorities, among others, to be addressed.
- 4 The A688 West Auckland Bypass Stage 2 was completed during 2007, funding being provided via the integrated transport block.
- 5 The long awaited A688 Wheatley Hill to Bowburn Link Road received funding approval in May of 2007 and has received grant aid under Section 31 of the Local Government Act 2003 of £7.859m for 2007/08. Work commenced on site in the early summer and is expected to be

completed later in 2008 with a balance of funding, also through Section 31 Grant, of £2.641m being provided for 2008/09.

- 6 Progress is being made in implementing the Urban and Rural Renaissance Initiative across the County. The initiative continues to be one of the major themes for improving the County's environment for years to come and additional funds approved as part of last year's budget decisions allow the programme to continue up until 2010. Improving the quality of life for communities across the County is one of the central themes of the initiative and work will continue to engage local communities and measure the impact of the work over the coming three year programme.

### **Significant Variations**

- 7 The most significant variation since the budget was set for 2007/08 has been the inclusion of the A688 Wheatley Hill to Bowburn Link Road which has attracted funding totalling £ 10.5m. This has been allocated over the financial years 2007/08 and 2008/09 with £7.859m and £2.641m respectively. Confirmation was also received of continuing funding for capitalised maintenance on the former Trunk Road A167 of £1.1m and a further £250,000 for additional costs on the Durham Park and Ride scheme.
- 8 In addition the County Council has allocated a sum of £1.0m for footpath maintenance and improvement works funded through identified underspends in the 2007/08 Revenue Budget.
- 9 The capital budget for the Economic Development and Regeneration Division of the former Chief Executive's Office is now included under Environment following recent changes and for 2008/09 includes the Netpark Incubator 2 Project.

### **Implications for the Service**

- 10 The Local Transport Plan (LTP2) capital settlement for 2007/08 of £13.479 m has funded a continuing programme of maintenance and improvement works for the highway and public transport networks in the County, over the first year of the 5 year LTP2 Plan period. This included an uplift of 3% to the Integrated Transport Block element as compared to the previous planning guideline figure because of our "good" local transport plan.
- 11 The LTP2 capital settlement for 2008/09 was announced in November 2007 and amounted to £14.563M. An additional £1.652 million for maintenance of the A167 has also been approved. A further sum of £164,922 has also been provided from the integration of safety camera funding into the LTP system.

- 12 The County Council will be expected to submit its first progress report for LTP2 to Government Office North East between July 2008 and December 2008. This will set out the progress that has been made over the first two years of the Plan.
- 13 Financial allocations have also been issued for the remaining two years of the Plan period beyond 2008/09 which will bring more certainty to the planning process for transport improvements in the County.
- 14 Significant improvements continue to be made in many areas including the final phases of the restoration of Hardwick Country Park which is expected to be completed during 2008 and be fully open to visitors in the late Summer or early Autumn.

## Service Direct

	<b>2007/08 Original Budget £</b>	<b>2007/08 Projected Outturn £</b>	<b>2008/09 Original Budget £</b>	<b>2009/10 Original Budget £</b>	<b>2010/11 Original Budget £</b>
<b>Vehicles, Plant and Equipment</b>	117,000	117,000	117,000	114,000	102,000
<b>Buildings</b>	72,000	72,000	219,000	199,000	186,000
<b>Grounds</b>	79,000	79,000	123,000	64,000	151,000
<b>Civils</b>	429,000	429,000	291,000	403,000	276,000
<b>Catering</b>	10,000	10,000			80,000
<b>Total</b>	<b>707,000</b>	<b>707,000</b>	<b>750,000</b>	<b>780,000</b>	<b>795,000</b>

## Executive Summary

- 1 The Capital Expenditure Budget for 2007/08 has been used mainly for replacement of existing vehicles and plant. Within this total, three new mobile welfare cabins have been purchased for around £50,000 to provide better on site facilities for Highways Roadworkers.
- 2 There has also been further investment in the Meadowfield site with additional car parking being added to the rear of the Building and a further internal office within the stores area. During 2007/08 and 2008/09 there is also a programme to invest £90,000 to replace the existing lighting in the main workshop and stores area. This is expected to give an annual saving in the region of £20,000 per year.

## Section L – Prudential Code

### Background

- 1 The framework of the prudential capital finance system, which came into effect from 1 April 2004, is contained in the Local Government Act 2003. Under the Act, Government borrowing controls based on “credit approvals” were abolished with effect from 1 April 2004. The Council is now free to borrow and take out leases without Government consent, provided these commitments can be afforded. The Prudential Code is designed to guide the Council’s decision on what it can afford. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 specifies the Prudential Code for Capital Finance in Local Authorities, issued by CIPFA, as the code of practice to which local authorities must have regard when setting and reviewing their affordable borrowing limit.
- 2 The key objectives of the Prudential Code are to ensure that within a clear framework the capital investment plans of the Council are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability.
- 3 To demonstrate that the above objectives have been fulfilled, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account. The Code does not include limits, these are for the Council to set.
- 4 Previously, credit approvals from Central Government set the limit of a local authority’s long-term borrowing and attracted Revenue Support Grant (RSG) towards the financing costs of loans (interest and repayment of principal). Under the new system, unless, exceptionally, a national limit is imposed, the Council is free to make its own borrowing decisions according to what it can afford. Central Government support for borrowing through RSG continues to be given on the basis of a named amount of capital expenditure which borrowing will support. The Council will take the totality of Central Government support into account in setting its prudential limits.

## Prudential Indicators

- 5 The estimates of capital expenditure to be incurred for the current and future years contained in Section J of this report and are as follows:

Capital Expenditure			
2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000	2010/11 Estimate £000
98,931	103,590	70,963	49,230

- 6 Estimates of the end of year Capital Financing Requirement for the Council for the current and future years and the actual Capital Financing Requirement at 31 March 2007 are:

Capital Financing Requirement			
2007/08 Estimate £000	2008/09 Estimate £000	2009/10 Estimate £000	2010/11 Estimate £000
235,662	268,708	275,201	278,942

- 7 The Capital Financing Requirement measures the Council's underlying need to borrow for a capital purpose. In accordance with best professional practice, the County Council does not associate borrowing with particular items or types of expenditure. The Council has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The Council's treasury management strategy and annual plan for 2008/09 is shown in Section M. The County Council has, at any point in time, a number of cash flows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy. In day-to-day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the Council and not simply those arising from capital spending. In contrast, the Capital Financing Requirement reflects the Council's underlying need to borrow for a capital purpose.
- 8 CIPFA's Prudential Code for Capital Finance includes the following as a key indicator of prudence:

*"In order to ensure that over the medium term net borrowing will only be for a capital purpose the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."*

- 9 There are no difficulties envisaged for the current or future years in meeting this requirement. This view takes into account current commitments, existing plans, and the proposals contained in this budget report.
- 10 Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2006/07 are:

Ratio of Financing Costs to Net Revenue Stream				
2006/07 Actual %	2007/08 Estimate %	2008/09 Estimate %	2009/10 Estimate %	2010/11 Estimate %
4.23	4.28	4.95	6.08	6.40

### External Debt

- 11 In respect of external debt, the Council has set the following Authorised Limits for its total external debt gross of investments for the next three financial years. These limits separately identify borrowing from other long-term liabilities such as finance leases.

Authorised Limit for External Debt			
	2008/09 Estimate £000	2009/10 Estimate £000	2010/11 Estimate £000
Borrowing	237,000	270,000	287,000
Long-term liabilities	-	-	-
<b>Total</b>	<b>237,000</b>	<b>270,000</b>	<b>287,000</b>

- 12 The Authorised Limits are consistent with the Council's current commitments, existing plans and the proposals in this budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. They are based on the estimate of most likely, prudent but not worst-case scenario, with the addition of sufficient headroom over and above this to allow for operational management. An assessment of risk has been taken into account, as have plans for capital expenditure, estimates of the Capital Financing Requirement and estimates of cash flow requirements.

- 13 The Operational Boundary for external debt is based on the same estimates as the Authorised Limit but reflects directly the County Treasurer's estimate of the most likely, prudent but not worst-case scenario, without the additional headroom included within the Authorised Limit. The Operational Boundary represents a key management tool for in year monitoring by the County Treasurer. Within the Operational Boundary, figures for borrowing and other long-term liabilities are separately identified.

Operational Boundary for External Debt			
	2008/09 Estimate £000	2009/10 Estimate £000	2010/11 Estimate £000
Borrowing	228,000	264,000	282,000
Long-term liabilities	-	-	-
<b>Total</b>	<b>228,000</b>	<b>264,000</b>	<b>282,000</b>

- 14 The Council's actual external debt at 31 March 2007 was £177m, comprising £177m borrowing and no other long-term liabilities. It should be noted that actual external borrowing differs from the Authorised Limit and Operational Boundary, since actual external debt reflects the position at one point in time.

### Council Tax

- 15 The Prudential Indicators have been calculated using a 2.9% Council Tax increase in 2008/09 and assuming a 5% increase during years 2009/10 and 2010/11.
- 16 £7.4m of the capital programme in 2008/09 may be financed by short-term unsupported borrowing, to be repaid in 2009/10 by capital receipts. The incremental impact on the Council Tax (Band D) of this borrowing is £4.05 in 2009/10.

### Summary

- 17 The County Council has set the following limits for external debt in 2008/09:
- (i) Authorised Limit of £237m
  - (ii) Operational Boundary of £228m



## Section M -Treasury Management 2008/09

- 1 The CIPFA Code of Practice for Treasury Management in the Public Services makes the following key recommendations:
  - (i) Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities
  - (ii) Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities
  - (iii) They should acknowledge that the pursuit of best value in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this
  
- 2 The County Council has formally adopted the key recommendations of the CIPFA Code of Practice for Treasury Management in the Public Services and has created and maintains, as the cornerstone for effective treasury management:
  - a treasury management policy statement stating the policies and objectives of its treasury management activities. This is attached as Annex M1.
  - suitable treasury management practices (TMPs), setting out the manner in which the County Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. These are attached as Annex M2.
  
- 3 Reports will be presented to members of the Council on its treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in the TMPs. The annual strategy for 2008/09 is shown in Annex M3. The County Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet and for the execution and administration of treasury management decisions to the County Treasurer, who will act in accordance with the Policy Statement, Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.

## Treasury Management Indicators

- 4 The County Council has set an upper limit on its *fixed* interest rate exposures for 2008/09, 2009/10 and 2010/11 of 100% of its net outstanding principal sum.
- 5 The County Council has further set an upper limit on its *variable* interest rate exposures for 2008/09, 2009/10 and 2010/11 of 50% of its net outstanding principal sums.
- 6 The County Council's upper and lower limits for the maturity structure of its borrowings are as follows:

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total borrowing that is fixed rate		
	Upper Limit %	Lower Limit %
Under 12 months	20	0
12 months and within 24 months	20	0
24 month and within 5 years	30	0
5 years and within 10 years	50	0
10 years and above	100	0

- 7 The Council does not intend to invest sums for periods longer than 364 days. This is seen as prudent interest rate risk management.

## **Annex M1: Treasury Management Policy Statement**

1 Durham County Council defines its treasury management activities as:

*“The management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.*

2 Durham County Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

3 Durham County Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

## **Annex M2: Treasury Management Practices**

### **1 TMP1 - TREASURY RISK MANAGEMENT**

#### 1.1 The County Treasurer shall:

- Design, implement and monitor all arrangements for the identification, management and control of the treasury management risks shown below
- Report at least annually on the adequacy/ suitability thereof, and
- Report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect, all in accordance with the procedures set out in **TMP6 Reporting requirements and management information arrangements**

#### 1.2 *Liquidity*

The County Council will ensure it has adequate but not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable the Council at all times to have the level of funds available which are necessary for the achievement of its service objectives.

#### 1.3 *Interest Rates*

The County Council will manage its exposure to fluctuations in interest rates with a view to containment of its net interest costs, or securing its interest revenues, in accordance with the amounts provided in the Revenue Estimates in accordance with **TMP6 Reporting requirement and management information arrangements**.

#### 1.4 *Credit and Counterparties*

The County Council regards a prime objective of its treasury management activities to be the security of the principal sums invested. A formal counterparty list will be maintained and the named organisations and limits will reflect a prudent attitude towards organisations with which funds may be deposited, and will limit the Council's investment activities to the instruments, methods and techniques referred to in **TMP4 Approved Instruments, methods and techniques**.

#### 1.5 *Rescheduling & Refinancing of Debt*

The County Council will ensure that all borrowing, private financing and partnership arrangements will be negotiated, structured and documented, and the maturity profile of debt will be managed with a view to obtaining terms for renewal or refinancing, if required, which are

competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

Relationships with counterparties in these transactions will be managed in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

#### 1.6 *Legal and Regulatory*

The County Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. The Council will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under **TMP1.4 Credit and Counterparties**, the Council will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

The Council will seek to minimise the impact of future legislative or regulatory changes on its treasury management activities so far as it is reasonably able to do so.

#### 1.7 *Fraud, Error and Corruption, and Contingency Management*

The County Council will seek to ensure that it has identified the circumstances which may expose the Council to the risk of loss through fraud, corruption or other eventualities in its treasury management dealings. Accordingly, it will design and implement suitable systems and procedures, and will maintain effective contingency management arrangements to counter such risks.

#### 1.8 *Market Risk*

The County Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums invested.

## **2 TMP2 - BEST VALUE AND PERFORMANCE MEASUREMENT**

- 2.1 The County Council will actively work to promote best value in its treasury management activities. The treasury management function will be the subject of regular reviews to identify scope for improvement.

### **3 TMP3 - DECISION-MAKING AND ANALYSIS**

- 3.1 The County Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions to demonstrate that reasonable steps have been taken to ensure that all issues relevant to those decisions were taken into account.

### **4 TMP4 - APPROVED INSTRUMENTS, METHODS AND TECHNIQUES**

- 4.1 The County Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the Treasury Management Strategy that is shown in Annex J3.

### **5 TMP5 - ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS**

- 5.1 The County Council's treasury management activities will be properly structured in a clear and open fashion and a rigorous discipline of segregation of duties will be enforced to ensure effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance.
- 5.2 The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.
- 5.3 If and when the County Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the County Treasurer will ensure that the reasons are properly reported in accordance with **TMP6** *Reporting requirements and management information arrangements*, and the implications properly considered and evaluated.
- 5.4 The County Treasurer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover.
- 5.5 The County Treasurer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.
- 5.6 The County Treasurer will fulfil all delegated responsibilities in respect of treasury management in accordance with Durham County Council's Treasury Management Policy Statement, Treasury Management Practices and the CIPFA Standard of Professional Practice on Treasury Management.

## **6 TMP6 - REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS**

6.1 Regular reports will be prepared for consideration by Cabinet on:

- the implementation of its treasury management policies
- the effects of decisions taken and the transactions executed in pursuit of those policies
- the implications of changes resulting from regulatory, economic, market or other factors affecting its treasury management activities; and the performance of the treasury management function

6.2 As a minimum, Cabinet will receive:

- an Annual Report on the strategy and plan to be pursued in the forthcoming year
- an Annual Report on the performance of the treasury management function in the previous year and on any circumstances of non-compliance with the organisation's Treasury Management Policy Statement and Treasury Management Practices

## **7 TMP7 - BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS**

7.1 The Council will account for its treasury management activities in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements.

7.2 The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

## **8 TMP8 - CASH AND CASH FLOW MANAGEMENT**

8.1 All County Council monies shall be aggregated for treasury management purposes and will be under the control of the County Treasurer. Cash flow projections will be prepared on a regular and timely basis, and the County Treasurer will ensure that these are adequate for the purposes of monitoring compliance with **TMP1.2 Liquidity**.

## **9 TMP 9 - MONEY LAUNDERING**

- 9.1 Procedures will be enforced for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this area are properly trained.

## **10 TMP 10 - STAFF TRAINING AND QUALIFICATIONS**

- 10.1 The Council will seek to appoint individuals to the treasury management function who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The County Treasurer will recommend and implement the necessary arrangements.

## **11 TMP 11 - USE OF EXTERNAL SERVICE PROVIDERS**

- 11.1 When external service providers are employed by the County Council, the County Treasurer will ensure that this is done for reasons which have been submitted to a full evaluation of the costs and benefits. The terms of their appointment and the methods by which service providers' value will be assessed will be properly agreed and documented, and subjected to regular review.
- 11.2 Where feasible and necessary, a spread of service providers will be used to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, Council Standing Orders and Financial Regulations plus legislative requirements will always be observed. The monitoring of such arrangements rests with the County Treasurer.

## **12 TMP 12 - CORPORATE GOVERNANCE**

- 12.1 Durham County Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.
- 12.2 The Council has adopted and implemented the key recommendations of the Code of Practice on Treasury Management in the Public Services. This, together with other arrangements that the County Treasurer will put in place, is considered vital to the achievement of proper corporate governance in treasury management, and the County Treasurer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.



## **Annex M3: Treasury Management Strategy 2008/09**

The CIPFA Code of Practice for Treasury Management in the Public Services recommends that the County Council draw up an annual Treasury Management Strategy before the start of each financial year, which it may vary at any time.

In implementing this strategy, the County Council will give priority to security and liquidity, rather than yield. However the County Council will aim to achieve the highest rate of interest consistent with the proper levels of security and liquidity. In order to achieve this, the strategy deals with the use of specified investments, non-specified investments and the liquidity of investments.

The strategy also covers the County Council's approach to borrowing and the use of external managers.

The main areas of the strategy are as follows:

### **1 Specified Investments**

Specified Investments are defined as those satisfying the following conditions:

- a) Denominated in sterling
- b) To be repaid or redeemed within 12 months of the date on which the investment was made
- c) Do not involve the acquisition of share capital or loan capital in any body corporate
- d) Are made with the UK Government, local authorities, parish councils, community councils, or with a body or in an investment scheme which has been awarded a high credit rating by a credit agency

The County Council will invest surplus money in specified investments, by means only of short-term deposits with the institutions set out below for the amounts, on the terms and conditions and for the periods which the County Treasurer considers most suitable for the County Council. In making investment and repayment arrangements the County Treasurer shall take all responsible action to ensure the security of the sum invested and interest due. In doing so, the County Treasurer will have regard to guidance issued by CIPFA and the Department for Communities and Local Government (CLG).

- (i) UK Government;
- (ii) UK Local Authorities;
- (iii) UK clearing banks and other banks or licensed deposit takers which are 100% owned by a clearing bank;
- (iv) Major building societies (provided that the County Treasurer is satisfied as to financial standing);

- (v) Former major building societies acquiring or having acquired 'bank' or 'public limited company' status;
- (vi) Non-UK banks incorporated in the UK or European Economic Area (EEA) entitled to accept deposits through a branch in the UK, as regulated by the Financial Services Authority (FSA) (provided that the County Treasurer is satisfied as to financial standing);
- (vii) Money Market Funds.

## **2 Non-specified Investments**

Non-specified investments are those not meeting the definition in Section 1 above. It is proposed that during 2008/09 the County Council will not invest in non-specified investments, including those to be repaid or redeemed more than 12 months from the date on which the investment was made.

## **3 Liquidity of Investments**

In normal circumstances:

- a) The maximum period for which funds may prudently be committed is 364 days.
- b) The minimum amount to be held during the financial year in investments other than long-term investments is to be 100% of the County Council's overall investments.

## **4 Short-Term Borrowing**

Money may be borrowed to meet the short-term requirements of the County Council for the amounts, from the sources, on the terms and conditions and for the periods which are considered the most suitable for the County Council.

## **5 Medium and Long-Term Borrowing (Capital Financing)**

Money may be borrowed from the Public Works Loan Board or from other appropriate sources using any appropriate loan instruments permitted by statute, to meet the County Council's requirements, for the amounts, on the terms and for the periods which are considered the most suitable for the County Council.

## **6 External Managers (other than those relating to the Pension Fund)**

The County Council may, upon the recommendations of the County Treasurer, appoint one or more external managers to manage the short-term investment of surplus County Council money. Any such managers appointed are to be bound by this Treasury Management Policy Statement.

## **Appendix 1 - Report under Section 25 of Local Government Act 2003**

**County Council**

**26<sup>th</sup> February 2008**

**Budget 2008/09**

**Report under Section 25 of Local  
Government Act 2003**



**Key Decision No. Corp/TR/04/07**

**Key Decision No. Corp/TR/05/07**

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### **Report of Stuart Crowe, County Treasurer [Cabinet Portfolio Member for Resources , Councillor John Lethbridge ]**

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This report will be presented to the County Council but its content is important to Cabinet Members when considering their Budget recommendations.

#### **Purpose of the Report**

- 1 The purpose of this report is to provide Members with information on the robustness of the estimates and the adequacy of reserves, so that Members have authoritative advice available when they make their decisions.

#### **Background**

- 2 Local Authorities decide every year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on each of their services.
- 3 The decision on the level of the council tax is taken before the year begins and it cannot be changed during the year, so allowance for risks and uncertainties that might increase service expenditure above that planned, must be made by:
  - a) making prudent allowance in the estimates for each of the services, and in addition;
  - b) ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

- 4 Section 25 of the Local Government Act 2003 requires that an authority's chief financial officer reports to the authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so that Members will have authoritative advice available to them when they make their decisions.
- 5 Section 25 also requires Members to have regard to the report in making their decisions.

### **Robustness of Estimates**

- 6 The budget process has involved Members, Chief Officers and their staff, and my own staff in a thorough examination of the budget now recommended to Cabinet.
- 7 Detailed reports have been completed by Chief Officers reviewing their services, explaining service pressures, identifying areas for savings and the need for resources to fund unavoidable service pressures in line with corporate priorities. From these, decisions have been taken to incorporate some of these areas into the budget for 2008/09 and the medium term financial plan.
- 8 In coming to the decision to include funding for investments and savings in the budget, risks have also been identified. It is anticipated that these risks can be managed using contingencies and if necessary, reserves.
- 9 The budget has been the subject of extensive consultation and challenge. Chief Officers have worked with Cabinet Members and members of the Overview and Scrutiny Committee. The Citizens Panel, Schools Forum, Voluntary and Community Sector, Investing in Children, the Business Sector, Trade Unions and the representatives of the National Non-domestic Rate-payers have also had the opportunity to comment on and challenge the proposals in a series of consultation meetings.
- 10 A consultation document, 'Your Council...Your Say', was published on the County Council's web-site and circulated, members of the public were invited to respond to questions on priorities, investment and savings in the document, and 133 replies were received.
- 11 In my view, the robustness of the estimates has been ensured by the budget process, which has enabled all practical steps to be taken to identify and make provision for the County Council's commitments in 2008/09.
- 12 It is accepted that work for the years 2009/10 and 2010/11 has yet to begin in earnest.

## Adequacy of Reserves

- 13 The CIPFA Local Authority Accounting Panel (LAAP) has issued a guidance note on Local Authority Reserves and Balances (LAAP Bulletin 55) to assist local authorities in this process. This guidance is not statutory, but compliance is recommended in CIPFA's 2003 Statement on the Role of the Finance Director in Local Government. It would be best practice to follow this guidance.
- 14 The guidance however, states that no case has yet been made to set a statutory minimum level of reserves, either as an absolute amount or a percentage of budget. Each local authority should take advice from its Chief Financial Officer and base its judgement on local circumstances. A well run authority, with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves.
- 15 The County Council has adopted a policy for reserves as follows:  
  
'that the County Council will -
  - Set aside sufficient sums in earmarked reserves as it considers prudent to do so. The Treasurer will be authorised to establish such reserves as are required, to review them for both adequacy and purpose on a regular basis reporting appropriately to the Cabinet Member with responsibility for Resources and to Cabinet.
  - Aim to maintain, broadly, the maximum general reserve level to increase to 4.5% of the budget requirement or about £16m.'
- 16 The risk management process has identified a number of key risks which could impact on the County Council's resources. In particular a number are likely to impact in the short-term.
- 17 The setting of the level of reserves is an important decision not only in the budget for 2008/09, but also in the formulation of the medium term financial strategy.
- 18 Earmarked reserves have been established to provide resources for specific purposes. Of these reserves, the use of schools balances is outside of the control of County Council but the Insurance and other reserves will be used as required.
- 19 In my view, if the County Council were to accept the Cabinet's recommended increase in council tax, funding for unavoidable service pressures and investments, proposals for savings and for capital then the level of risks identified in the budget process, alongside the authority's financial management arrangements suggest that the level of reserves is adequate.

## **Recommendation**

20 **It is recommended that:**

- a) **Members have regard to this report when approving the budget and the level of council tax for 2008/09.**

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**Contact:    Stuart Crowe        Tel:    0191 383 3550**

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## **Appendix 1: Implications**

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### **Local Government Reorganisation**

#### **(Does the decision impact upon a future Unitary Council?)**

Yes – the MTFP and the budget year strategy will impact onto the new Authority.

#### **Finance**

This paper is the basis of the County Council's budget and MTFP

#### **Staffing**

Budget decisions will have consequences on this area.

#### **Equality and Diversity**

None

#### **Accommodation**

Budget decisions will have consequences on this area.

#### **Crime and disorder**

Budget decisions will have consequences on this area.

#### **Sustainability**

Budget decisions will have consequences on this area.

#### **Human rights**

None

#### **Localities and Rurality**

Budget decisions will have consequences on this area.

#### **Young people**

Budget decisions will have consequences on this area.

#### **Consultation**

Widespread consultation on budget proposals.

#### **Health**

Budget decisions will have consequences on this area.

**County Council**

**26<sup>th</sup> February 2008**

**Budget 2008/09 incorporating the  
Medium Term Financial Plan 2008/09  
– 2010/11**



**Key Decision No. Corp/TR/04/07  
Key Decision No. Corp/TR/05/07**

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**Report of Cabinet**

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**Purpose of the Report**

- 1 The purpose of the report is to detail the recommendations of Cabinet.
- 2 The recommendations are referenced to the appropriate page, section, paragraph of appendix of the Budget document unless otherwise identified.

**Recommendations**

- 3 It is recommended that:

*SECTION B* – Priorities (pages 13 -14)

- (i) Members confirm the priorities for investment for 2008/09.

*SECTION C* – Consultation (pages 15 - 39)

- (ii) Members take into account the views of the consultees as they consider budget and MTFP proposals.

*SECTION D* – The Local Government Finance Settlement (pages 40 - 41 )

- (iii) Members note the Local Government Finance Settlement.

*SECTION E* – Area Based Grant (pages 42 - 52)

- (iv) Members:
  - a) Agree to the passporting of Connexions, LEGI & SSC funding to the relevant LAA partners to achieve priority outcomes (Section E, paragraph 12 a) on page 43).



- b) Agree to initially top slice £100,000 of the ABG (excluding Connexions, LEGI and SSC) to be available to the Partnership Board to help alleviate the financial pressures faced by the VCS Infrastructure Bodies with the balance of the grant being allocated across County Council Services as set out in Section E, paragraph 12 b) on page 43.

*SECTION F* – Dedicated Schools Grant (DSG) (pages 53 – 57)

- (v) Members approve the outline budget plan shown in Annex F2 and note the priorities for distribution of DSG.

*SECTION G, H and I* – Medium Term Financial Plan (MTFP) (pages 58 – 126)

**2007/08 Revenue Budget Recommendations (Revised Budget)**

- (vi) a) The revised revenue budget for 2007/08 be approved;
- b) The County Treasurer be authorised to make any proper accounting transactions that would be in the interests of the County Council in relation to the accounts for 2007/08.

**Revenue Budget Recommendations 2008/09**

- (vii) The recommendations set out in paragraph 10 of Appendix 2 of this report be approved, in particular, for the year ended 31st March 2009;
  - a) The Budget Requirement be £320,575,804
  - b) The precept be £157,151,662.
  - c) The County Council accepts a council tax at Band D of £1,024.38.

(The increase in the level of the council tax for the year ended 31st March 2009 is 2.9%)

- (viii) In determining the budget requirement, the County Council:
  - a) Notes the Treasurer's comments on the robustness of the estimates and the adequacy of reserves and the risks in the budget.
  - b) Reaffirms the current policy for Reserves .
  - c) Authorises the County Treasurer to determine the most appropriate option for the calculation of the Minimum Revenue Provision (MRP).
  - d) Agrees to the fund the investments as set out in the Medium Term Financial Plan in Annex G1, pages 68 - 73.

- e) Agrees to the proposals for savings and the use of reserves as set out in Annex G2, pages 74 - 82.
- f) Determines accordingly a budget requirement of £320,575,804 which will result in a council tax at Band D of £1,024.38 (an increase of 2.9% over council tax for 2007/08).

*SECTION J and K – Capital MTFP and Budget (pages 127 - 164)*

**Capital Budget Recommendations**

- (ix) Members:
  - a) approve short-term unsupported borrowing to balance the budget.
  - b) approve the allocation of £3.5m to the capital programme, but that detailed decisions are taken in the coming months.
  - c) confirm that the local transport capital settlement will continue to be ring-fenced for Transport Capital purposes in 2008/09.

*SECTION L – Prudential Code (pages 165 - 168)*

- (x) The County Council determines the following limits for external debt for 2008/09:
  - a) Authorised Limit of £237m
  - b) Operational Boundary of £228m

*SECTION M – Treasury Management (pages 169 - 178)*

- (xi) The County Council approve the following:
  - a) that the Council sets an upper limit on its fixed interest rate exposures for 2008/09, 2009/10 and 2010/11 of 100% of its net outstanding principal sum.
  - b) that the Council sets an upper limit on its *variable* interest rate exposures for 2008/09, 2009/10 and 2010/11 of 50% of its net outstanding principal sums.

- c) that the Council set upper and lower limits for the maturity structure of its borrowings as follows:

Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total borrowing that is fixed rate		
	Upper Limit %	Lower Limit %
Under 12 months	20	0
12 months and within 24 months	20	0
24 month and within 5 years	30	0
5 years and within 10 years	50	0
10 years and above	100	0

- d) There are no proposals for the Council to invest sums for periods longer than 364 days. (This is seen as prudent interest rate risk management.)

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**Contact: Stuart Crowe      Tel: 0191 383 3550**

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## **Annex 1: Implications**

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### **Local Government Reorganisation**

#### **(Does the decision impact upon a future Unitary Council?)**

Yes – the MTFP and the budget year strategy will impact onto the new Authority.

#### **Finance**

This paper is the basis of the County Council's budget and MTFP

#### **Staffing**

Budget decisions will have consequences on this area.

#### **Equality and Diversity**

None

#### **Accommodation**

Budget decisions will have consequences on this area.

#### **Crime and disorder**

Budget decisions will have consequences on this area.

#### **Sustainability**

Budget decisions will have consequences on this area.

#### **Human rights**

None

#### **Localities and Rurality**

Budget decisions will have consequences on this area.

#### **Young people**

Budget decisions will have consequences on this area.

#### **Consultation**

Widespread consultation on budget proposals.

#### **Health**

Budget decisions will have consequences on this area.

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## **Annex 2: Budget Requirement and Precept**

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### **Budget Requirement**

- 1 The following paragraphs have been constructed on the basis of a 2.9% increase in council tax.
- 2 The budget requirement would be £320,575,804.

### **County Council Precept**

- 3 The calculation of the precept takes the County Council's budget requirement, incorporating estimated levies from other bodies, and deducts from it contributions from Government in respect of Revenue Support Grant and redistributed non-domestic rates. Allowance also has to be made for the County Council's share of surpluses and deficits on District Councils' collection funds.
- 4 The following paragraphs contain the detailed calculations for the County Council's precept and basic council tax based on a 2.9% increase.
- 5 Assuming a budget requirement of £320,575,804 the calculation is shown in the following table:

	£	£
County Council's Budget Requirement		320,575,804
Less:		
Formula Grant	161,507,015	
Estimated overall net surplus on Collection Funds at 31st March 2007	1,917,127	163,424,142
Amount required from precept		157,151,662

### **Council Tax Base**

- 6 The 'council tax bases' of the District Councils are used to calculate the proportion of the County Council's total precept to be levied on each District Council. The tax base is the estimated full year equivalent number of chargeable 'Band D' dwellings with two or more liable adults and in respect of which tax will be received. The 'council tax bases' as determined by each District and notified to the County Council are set out in the table overleaf:

<i>District Council</i>	<i>Council Tax Base</i>	<i>Precept</i>
		£
Chester-le-Street	17,086.65	17,503,222.51
Derwentside	27,309.00	27,974,793.40
Durham City	26,374.59	27,017,602.48
Easington	26,997.10	27,655,289.28
Sedgefield	26,614.00	27,262,849.30
Teesdale	9,001.97	9,221,438.02
Wear Valley	20,028.18	20,516,467.01
Total	153,411.49	157,151,662.00

### Calculation of Basic Council Tax

- 7 The Basic Council Tax for the County Council is calculated by dividing the precept by the aggregate of tax bases as shown below:

$$\frac{\text{Precept}}{\text{Aggregate Council Tax Base}} = \text{Basic Council Tax (At Band D)}$$

$$\frac{\underline{\pounds 157,151,662}}{153,411.49} = \pounds 1,024.38$$

- 8 A Basic Council Tax of £1,024.38 is £28.89 more than the Basic Council Tax of £995.49 for 2007/08.

### Precept Instalments

- 9 Following discussions with the Chief Financial Officers of each District Council, the following dates for the payment of the precept in ten equal instalments have been agreed:

2 <sup>nd</sup> May 2008	8 <sup>th</sup> October 2008
4 <sup>th</sup> June 2008	10 <sup>th</sup> November 2008
7 <sup>th</sup> July 2008	15 <sup>th</sup> December 2008
6 <sup>th</sup> August 2008	14 <sup>th</sup> January 2009
8 <sup>th</sup> September 2008	12 <sup>th</sup> February 2009

## Revenue Budget Recommendations 2008/09

- 10 Based on a Council Tax of £1,024.38 the following resolutions are recommended to the County Council:-
- (i) That the annual revenue estimates of individual Services for the year ending 31st March 2009, as detailed in this budget, be approved;
  - (ii) That the overall budget for the year ending 31st March 2009 be approved;
  - (iii) That for the year ending 31st March 2009:
    - (a) the '*council tax base*' for the whole of the Council's area be 153,411.49;
    - (b) there be no County Council expenses relating to a part only of the Council's area;
    - (c) the '*basic amount of council tax*' be £1,024.38 and the amount of the council tax for each category of dwelling be as follows:

<b>Valuation Band</b>	<b>(Proportion of 'Basic Amount')</b>	<b>Council Tax</b>
		£
A	(6/9)	682.92
B	(7/9)	796.74
C	(8/9)	910.56
D	('basic amount')	1,024.38
E	(11/9)	1,252.02
F	(13/9)	1,479.66
G	(15/9)	1,707.30
H	(18/9)	2,048.76

- (d) the 'budget requirement' be £320,575,804 and that, (after taking account of 'Formula Grant' of £161,507,015, and the 'Estimated Net Surplus on District Council Collection Funds at 31st March 2008' of £1,917,127), precepts totalling £157,151,662 be issued to District Councils as follows:

<b><i>District Council</i></b>	<b><i>Council Tax Base</i></b>	<b><i>Precept</i></b>
		£
Chester-le-Street	17,086.65	17,503,222.51
Derwentside	27,309.00	27,974,793.40
Durham City	26,374.59	27,017,602.48
Easington	26,997.10	27,655,289.28
Sedgefield	26,614.00	27,262,849.30
Teesdale	9,001.97	9,221,438.02
Wear Valley	20,028.18	20,516,467.01
Total	153,411.49	157,151,662.00



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## Appendix 3: Glossary Of Terms

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### **Aggregate external finance**

The total level of revenue support the Government provides to local authorities. This is made up of specific grants of which the main element is **Dedicated Schools Grant**, and general grant comprising **the Non-Domestic Rate** and the **Revenue Support Grant**.

### **Amortisation**

Used by the County Council to write down the values of **intangible assets** carried in the balance sheet, by means of a charge to revenue. These charges are offset by an appropriation adjustment and do not increase the Council's **budget requirement**. Amortisation is the equivalent of depreciation for intangible assets.

### **Basic council tax**

The total precept divided by the aggregate of the council tax bases of the District Councils in the County.

### **Borrowing**

Loans from the Public Works Loans Board and the money markets that finance the capital programme of the County Council.

### **Budget**

The County Council's plans and policies for the period concerned, expressed in financial terms.

### **Budget requirement**

An authority's planned spending for the year, after deducting estimated income and application of reserves, but before deducting income from **non domestic rates** and **revenue support grant** and adjusting for the Council's share of the net surplus/deficit on collection funds.

### **Building Schools for the Future**

Government investment programme with the aim of rebuilding or renewing every secondary school in England over a 10-15 year period.

**Business Rates** See **Non-Domestic Rate**.

## **Capital charge**

A charge to Service revenue accounts to reflect the cost of fixed assets used in the provision of services. The charge comprises the annual provision for depreciation. To ensure that these notional charges do not impact on local taxation they are reversed out in the Statement of Movement on the General Fund Balance.

## **Capital Expenditure**

Expenditure on the acquisition or construction of fixed assets that have a value to the County Council for more than one year, or expenditure which adds to and not merely maintains the value of existing fixed assets.

## **Capital receipts**

The proceeds from the sale of capital assets such as land and buildings. These sums can be used to finance capital expenditure.

## **Capitalised Structural Maintenance**

Maintenance of buildings that enhances the value of buildings by extending their useful lives.

## **Capping**

The imposition by the Government of a limit on an authority's **budget requirement**, and hence its **council tax**.

## **Chartered Institute of Public Finance and Accountancy (CIPFA)**

The principal accountancy body dealing with Local Government Finance.

## **Collection fund**

A fund maintained by each district council, separately from its own accounts. The main items are:

### *Expenditure*

- Precepts
- Payments to non-domestic rating pool
- District's own requirements

### *Income*

- Council tax collected
- Non-domestic rates collected

Each district's surplus/deficit is shared between it, the County Council, Police Authority and the Fire and Rescue Authority in proportion to their demands on the fund.

## **Contingency provision**

An amount set aside in the budget to provide for unknown or unquantifiable future events.

## **Council tax**

A local tax on domestic property set by local authorities in order to meet the budget requirement.

## **Council tax base**

The measure of a local authority area's taxable capacity. It consists of the number of dwellings in the area, weighted in accordance with their distribution over the various **valuation bands**, e.g. one band H property is equivalent to two band D properties.

**Council tax bands** See **Valuation Bands**.

## **Dedicated Schools Grant (DSG)**

A ring-fenced grant which supports most schools funding.

## **Depreciation**

The writing down of the value of an asset over its useful life, as recorded in the financial records, due to wear and tear, age and obsolescence.

## **Direct Revenue Financing**

The cost of capital projects that is financed directly from the annual revenue budget.

## **Fixed assets**

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year. Tangible fixed assets have physical substance, for example land, buildings and vehicles. Intangible fixed assets do not have physical substance but are identifiable and controlled by the authority through custody or legal rights, for example software licences.

## **Floors**

A method by which stability in funding is protected by limiting the effect of wide variations in grant increases. A **floor** guarantees a fixed level of increase in grant. The grant increases of authorities who are above the floor are scaled back by a fixed proportion to help pay for the floor.

## **Formula Grant**

The general government grant paid to local authorities. It comprises **Revenue Support Grant** and redistributed **Non-Domestic Rates**.

## **Government Grants**

Assistance by Government and inter-government agencies etc., whether local, national or international, in the form of cash or transfer of assets, towards the activities of the County Council.

## **Government Grants Deferred**

Grants and other external contributions towards capital expenditure are written off to the revenue account as the assets to which they relate are depreciated. The balance on the Government Grants deferred account represent grants not yet written off.

## **Gross expenditure**

The total estimated expenditure of a local authority, before deducting income.

## **Impairment**

Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage (e.g. fire at a building) or deterioration in the quality of the service provided by the asset (e.g. a school closing and becoming a storage facility). A general fall in prices of a particular asset or type of asset is treated as a revaluation.

## **Infrastructure Assets**

Fixed assets such as roads and bridges.

## **Intangible Assets**

These are assets that do not have a physical substance but continue to provide an economic benefit to the Council e.g. long-term software licences and maintenance agreements. Intangible assets are initially carried in the balance sheet at cost and are financed from capital resources.

## **Local Authority Business Growth Incentive Grant (LABGI)**

A reward for promoting growth in local businesses.

## **Local Government Finance Settlement**

The annual determination of formula grant distribution as made by the Government and debated by Parliament. It includes:

- Totals for formula grant
- How the grant will be distributed between local authorities; and

- The support given to certain other local government bodies.

### **Local Public Service Agreement Performance Reward Grant (LPSA)**

A reward for achieving more demanding performance in the delivery of local services.

### **Minimum Revenue Provision (MRP)**

Currently MRP is the minimum amount, which must be charged to revenue in the year for the repayment of debt (credit liabilities and credit arrangements). The formula for calculating this amount is specified in legislation and requires authorities to make an annual provision of 4% of its underlying need to borrow. In addition, authorities can choose to make additional provision, known as a voluntary set-aside. Regulations are due to be issued before the end of 2007/08 that will revoke current MRP requirements and replace them with more flexible statutory guidance.

### **Net Cost of Service**

The actual cost of a service to the County Council after taking account of all income charged for services provided. The net cost of service reflects capital charges and credits for government grants deferred made to services to reflect the cost of employing fixed assets.

### **Net Expenditure**

The actual cost of a service to the County Council after taking account of all income charged for services provided.

### **Net Realisable Value**

The expected sale price of stock, in the condition in which it is expected to be sold. This may be less than cost due to deterioration, obsolescence or changes in demand.

### **Non-Operational Assets**

The value of surplus assets held for disposal or the accumulated cost of assets under construction for which there is no valuation and which are not yet operational.

### **Non-Domestic Rate**

The means by which local businesses contribute to the cost of providing local authority services. The rates are paid into a central pool which is divided between all authorities as part of Formula Grant.

### **Operating Lease**

A lease where the asset concerned is returned to the lessor at the end of the period of the lease.

## **Operational Assets**

Fixed assets held and occupied, used or consumed by the authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

## **Outturn**

Actual expenditure within a particular year.

## **Precept**

The amount of Council Tax income the County Council needs from the seven district councils, in proportion to their **council tax bases**, in order to finance its net expenditure, i.e. **budget requirement** less income from **non-domestic rates** and **revenue support grant**.

## **Precepting Authority**

This is an authority which sets a precept to be collected by the district council (billing authority) through the council tax bill. The County Council, Durham Police Authority and County Durham and Darlington Fire and Rescue Authority, town and parish councils are all precepting authorities.

## **Provisions**

Provisions represent sums set aside to meet any specific future liabilities or losses arising from contractual obligations or as a result of past events. These events are likely or certain to be incurred and a reliable estimate can be made of the amount of the obligation.

## **Prudential Borrowing**

An alternative term for **unsupported borrowing**.

## **Prudential Code**

The Government removed capital controls on borrowing and credit arrangements with effect from 1<sup>st</sup> April 2004 and replaced them with a Prudential Code under which each local authority determines its own affordable level of borrowing. The Prudential Code requires authorities to set specific prudential indicators on an annual basis. The key objectives of the Prudential Code are to ensure that the capital plans of local authorities are affordable, prudent and sustainable.

## **Public Works Loans Board (PWLB)**

A government agency providing long and short-term loans to local authorities at interest rates only slightly higher than those at which Government itself can borrow.

### **Relative Needs Formulae (RNF)**

These are the first stage in the calculation the Government uses to distribute Formula Grant. They are designed to measure need relative to other local authorities.

### **Reserves**

Sums set aside to fund future events. Reserves set aside for stated purposes are referred to as 'earmarked reserves'.

### **Resource Equalisation**

The way in which the formula grant distribution system takes account of councils' relative ability to raise council tax.

### **Revenue Contributions**

See 'Direct Revenue Financing'

### **Revenue Expenditure and Income**

Expenditure and income arising from the day-to-day operation of the County Council's services, such as salaries, wages, utility costs, repairs and maintenance.

### **Revenue Support Grant (RSG)**

A Government grant that can be used to finance expenditure on any service.

### **Ring-fenced Grant**

A grant paid to local authorities which has conditions attached to it, which restrict the purposes for which it may be spent.

### **Specific Grant**

Grants paid under various specific powers, but excluding Formula Grant or Area Based Grant. Some specific grants are ring-fenced.

### **Supported Capital Expenditure (SCE(C))**

Government supported capital expenditure financed by capital grants.

### **Supported Capital Expenditure (SCE(R))**

Government supported capital expenditure financed by borrowing. Support is given in the form of an addition to the **Relative Needs Formula** to cover the cost of borrowing (repayments of principal, and interest).

## Surplus

Arises when income exceeds expenditure or when expenditure is less than available budget.

## Tangible Assets

Tangible fixed assets have physical substance, for example land, buildings and vehicles.

## Targeted Grant

A grant which is distributed outside the general formula, but has no conditions applied.

## Treasury Management Policy and Strategy

A plan outlining the County Council's approach to treasury management activities. This includes setting borrowing and investment limits to be followed for the following year.

## Unsupported borrowing

Borrowing for which no central government support is provided. Councils can only undertake unsupported borrowing in compliance with the **Prudential Code** for Capital Finance in Local Authorities, which is issued by **CIPFA**.

## Voluntary set-aside

This is an additional provision for the repayment of external debt in respect of the financing of capital expenditure, over and above the statutory **minimum revenue provision (MRP)**.

## Valuation bands

The allocation of dwellings into categories for the calculation of the council tax payable. The bands are:

<b>Band</b>	<b>Value of dwelling estimated at April 1991</b>	<b>Tax as fraction of Band D rate</b>
A	Up to £40,000	6/9
B	£40,001 - £52,000	7/9
C	£52,001 - £68,000	8/9
D	£68,001 - £88,000	9/9
E	£88,001 - £120,000	11/9
F	£120,001 - £160,000	13/9
G	£160,001 - £320,000	15/9
H	Over £320,000	18/9