

Appendix 2: Revenue Budget Summary
REVENUE BUDGET SUMMARY

	Year to Date Budget	Year to Date Actual	Variance	Original Budget	Revisions	Revised Budget	Projected Outturn	Projected Variance against Original
	£('000)	£('000)	£('000)	£('000)	£('000)	£('000)	£('000)	£('000)
Children & Young People	96,721	68,166	28,555	96,785	596	97,381	97,376	-591
Adult and Community	90,918	88,352	2,566	134,383	436	134,819	133,555	828
Environment	28,947	25,109	3,838	67,163	-132	67,031	67,116	47
Chief Executive	8,337	8,276	61	5,428	601	6,029	6,122	-694
Corporate Services	8,330	8,098	233	7,218	499	7,717	7,736	-518
Finance & Other Services	4,624	3,537	1,087	728	3	732	751	-22
TOTAL	237,878	201,538	36,340	311,705	2,003	312,865	312,656	-950
Contingencies	0	0	0	6,315	-1,160	5,155	4,482	1,833
NET COST OF SERVICES	237,878	201,538	36,340	318,020	843	318,020	317,138	883
Other Services	0	7,313	-7,313	0	0	0	0	0
Investment Income	-1,018	-2,236	1,218	-1,745	-1,000	-2,745	-2,745	1,000
Borrowing Costs	0	1,384	-1,384	0	0	0	0	0
Insurances	0	1,941	-1,941	0	0	0	0	0
Government Grants	0	-202,817	202,817	0	0	0	0	0
Transfer to Pension Fund	0	0	0	0	0	0	1,100	-1,100
Movement on General Reserve		7,123						783

Appendix 2: Revenue Budget Summary

Projected Outturn Position

As at 30 November 2006 there is a projected under spend of £0.9m against original budget. This is based on an over spend of £0.9m on original service budgets of £311.7m. Approval has been given to use contingencies to support additional service spending, however, against original budget contingencies remain under spent by 1.8m, providing an overall under spend of £0.9m against net cost of services.

When taking into account the projected increase in income of £1m from short term investments and the requirement to transfer £1.1m from the general reserve to the pension reserve for redundancies, there is forecast to be a contribution to the general reserve at the end of the year of £0.8m.

The table above shows projected over and under spends on a service basis. The main variances are in:

Children and Young People's Services – over spend £0.6m

- An over spend of £0.7m due to the development costs of the Building Schools for the Future Initiative (BSF) for which Cabinet has approved additional resources.
- Projected over spend of £0.2m on Home to School transport.
- A release of DSG funding of £0.2m, which has been directed towards the Home to School transport budget.
- An under spend of £0.1m on the "Schools Causing Concern" programme due to the use of 05/06 Standards Fund grant.
- An under spend on central support costs of £0.3m
- An over spend of £0.3m in the former Social Care and Health area, which is mainly due to the cost of staff redundancies (£0.2m) and transport costs (£0.1m).

Adult and Community Services – under spend £0.8m

- Savings of £2.0m agreed as part of the 2006/07 budget process will not be made. This includes £1.3m of Investing in Modern Services for Older People (IMSOP) savings that will not be achieved due to a number of residential homes remaining open.
- The unrealised saving above is off-set by a £1.8m double running budget that will not now be needed.
- Activity in Older People's Commissioning has dropped over the past three months as services continue to reduce reliance on residential care.

- Funding has been received from County Durham PCT for a number of high cost Learning Disability packages of care.

Appendix 2: Revenue Budget Summary

- Activity in both /mental Health and Learning Disability has not reached expected levels due to effective management of care packages by commissioning managers.

Chief Executive – over spend £0.7m

- An over spend of £0.4m due to the impact of redundancies and early retirements.
- An under spend of £0.5m due to transfer of Renewals Fund to capital.
- An over spend of £0.2m due to costs of Local Government Review, for which funding has been transferred from contingencies.
- An over spend of £0.2m due to increased Central Support costs.
- An under recovery of income of £0.4m due to revised IT recharges.

Corporate Services – over spend £0.5m

- An under spend of £0.3m due to delays in filling vacant posts.
- An over spend of £0.1m due to costs of long-term sickness cover for registrars and additional Coroner's charges.
- An over spend of £0.2m due to increased costs of cleaning, room hire and water rates.
- An over spend of £0.3m due to costs of surveys and additional external legal costs relating to Job Evaluation.
- An over spend on original budget for Central Support costs of £0.2m.

Detailed information on service budget positions and projected outturn is provided in Appendix 5.

Appendix 3: Capital Budget Summary

CAPITAL BUDGET SUMMARY – 30th NOVEMBER 2006

	Year to Date Budget	Year to Date Actual	Variance	Original Budget	Revisions	Revised Budget	Projected Outturn	Projected Variance against Original
	£('000)	£('000)	£('000)	£('000)	£('000)	£('000)	£('000)	£('000)
Children & Young People	19,134	17,724	1,410	47,248	12,604	59,852	40,000	7,248
Adult and Community	1,893	743	1,151	227	4,669	4,895	3,401	-3,175
Environment	15,885	10,007	5,878	25,228	-150	25,077	24,949	279
Chief Executive	804	793	11	878	2,324	3,202	3,202	-2,324
Corporate Services	107	353	-246	2,099	1,260	3,359	2,747	-648
Finance & Other Services	404	723	-319	782	23	805	805	-23
Service Direct	335	693	-358	9,344	-5,200	4,144	4,144	5,200
TOTAL CAPITAL EXPENDITURE	38,563	31,035	7,527	85,806	15,529	101,335	79,248	6,558

Appendix 3: Capital Budget Summary

Capital Summary

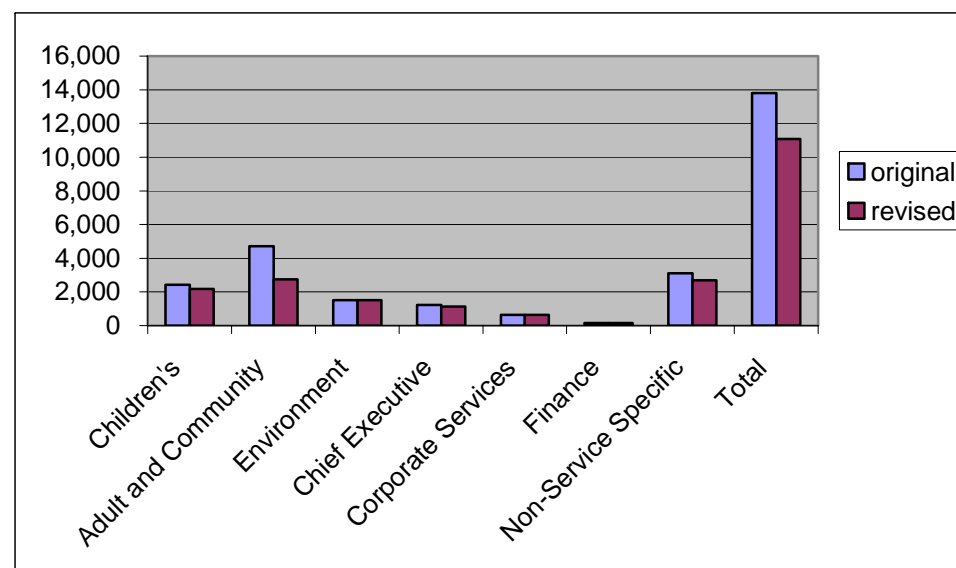
The capital budget currently shows an under spend of £7.5m, of which the vast majority relates to Environment where delays in the submission of invoices by contractors has resulted in expenditure being below profile by £5.9m. At the year end it is likely there will be slippage in the region of £22m, the majority of which relates to Children and Young People's Services (£20m), against revised budget to carry forward to the 2007/08 budget.

Capital budget information is provided on a service basis in Appendix 5.

Appendix 4: Savings

Savings

As part of the budget process for 2006/07 proposals for savings totalling £14m were identified across services. The chart below shows the progression towards achievement of these target savings for each service.



Overall Position

The overall position as at the end of November 2006 remains the same as that reported at the end of October, with total predicated savings of £2.7m unlikely to be achieved in 2006/07. This has been accounted for by Services when projecting their year end outturn position against original budget.

Adult and Community Services – shortfall £1,974,000

- *IMSOP Strategy – shortfall £1,250,000*

Appendix 4: Savings

The consultation process for the residential homes at East Green, Hackworth House and Lynwood House finished on 30 June 2006. A decision in relation to these homes is imminent. Until that decision is made it is impossible to identify if any savings will be forthcoming. An assumption has been made that no saving will be made.

No actions are being taken at this stage to identify other areas of the budget where the £1,250,000 could be recovered. Services have been targeted with covering this shortfall.

- *Home Care Rationalisation – shortfall £70,000*

The consultation process for reducing the number of managers in the in-house provider has almost finished. If staff reductions are actioned by 1 August 2006 the shortfall in the saving will be £70,000. Every further month's delay will cost a further £30,000. It is expected that under spends elsewhere in the home care budget will match the £70,000 one year shortfall.

- *True Cost of Care negotiation – shortfall £400,000*

The authority feels that it has a strong position in reducing the residential care rate for EMI clients. Unfortunately, however, a due process has had to be followed which has encountered delays. These delays, mainly in relation to contractual issues have resulted in the £400,000 shortfall.

One off income items and additional client income is expected to cover this in year shortfall.

- *Rationalisation of staffing – shortfall £90,000*

Most staffing reductions have been actioned. There are some small delays and no specific plan has been produced to date in relation to the £50,000 saving to be produced from the new service groupings. It is expected that these savings will be identified over time.

- *Supported Housing – Sleep-ins – shortfall £80,000*

These savings have been more difficult to achieve than had been envisaged. This is mainly due to client tenancy arrangements. Managers are presently considering ways of meeting the shortfall.

- *After Care Services for People with a Mental Health problem - shortfall £50,000*

It was hoped that a review of charges for clients would raise additional income. This process has proved unsuccessful thus far. The service did unexpectedly receive additional Mental Health Grant which will be used to cover this shortfall.

- *Welfare Rights – shortfall £40,000*

Progressing this saving has been severely delayed. The process is now following a due process. Posts in teams are being held vacant to cover the shortfall.

Children's Services – shortfall £248,000

The overall position is that £248,000 of planned savings will not be delivered during the current financial year and this will need to be managed as part of the overall budget monitoring strategy applicable across the whole Children and Young People's Services.

- *Travel Permit Printing Costs- shortfall £8,000*

The original intention was to produce travel permits that would last for the school life of a pupil rather than reviewing them each year. The initiative has been put on hold because of the development of a Corporate Transport Unit. A replacement saving that more than compensates has been negotiated by the Transport Manager. 3 days strike action by Arriva drivers in June and July will reduce costs this Financial Year by £31,000.

- *Transfer of Key Stage 4 Funding – shortfall £50,000*

The proposal to switch funding from the KS4 improvement priority to the DSG, thus reducing the Local Authority share of the budget, was approved by the Schools Forum and has been actioned. However, it was linked to savings on the cost of school insurance premiums and this finally came in at £450,000 hence there is a £50,000 shortfall to be managed.

- *Transport – additional saving £31,000*

A replacement saving negotiated by the Transport Manager.

Appendix 4: Savings

- *CAHMS Posts – shortfall £19,000*

2 Social Worker posts removed from establishment - not actioned until 16.07.06

- *Rationalise Service Level Agreements – shortfall £11,000*

9 SLAs varied but one has a period of notice to comply with.

- *Closure of Centres – shortfall £173,000*

The 4 closures were delayed pending consultation and personnel advice and as a result the full effect of savings will not be realised until the 2007/2008 financial year.

- *Cleaning Costs Aycliffe Site – shortfall £18,000*

Negotiations with Service Direct produced a lower saving than expected.

Environment – on target

- *Rationalisation of Staffing - additional savings £40,000*

Although the savings originally proposed in this area are on course to reach the original target, additional savings have also been made to accommodate the shortfall on sE12 Strategic Alliance.

- *Strategic Alliance – shortfall £40,000*

The proposal to carry out the review of programming systems such as CONTROL is becoming increasingly protracted and is now unlikely to achieve the original target of £40,000.

Appendix 4: Savings

Chief Executive – shortfall £95,000

- *BT Contract for telephone rental and call charges – shortfall £95,000*

It is anticipated that only £98,000 of these savings will be achieved as the new terms of the contract will only commence in July 2006, and there are initial costs associated with the change which will reduce the proposed saving in the first year. These savings were have been allocated across ALL service budgets, not only Chief Executive's.

Corporate Services

Following examination of the June 06 budget reports, and taking into account the spend profile of the previous year, it would appear that all savings will be achieved by the end of the current year.

Finance

Savings of £151,000, as detailed in the 2006/07 budget are expected to be achieved.

Non-Service Specific – shortfall £414,000

Procurement savings of £414,000 have yet to be identified. The Corporate Procurement Unit is working to fill this gap and services have also been challenged to identify savings in this area.

Appendix 5: Key Performance Indicators and Finance by Service

Children and Young People's Services										
2004 / 05 year end	2005 / 06 year end	Change since 2004 / 05	PI ref	PI description	2006 / 07 Target	Q1 2006 / 07	Q2 2006 / 07	Q3 2006 / 07	Q4 2006 / 07	Current Status
24.50	24.90		BV 34a	% primary schools >=25% surplus places	N/a	N/a	N/a	N/a	N/a	N/a
11.10	11.10		BV 34b	% secondary schools >=25% surplus places	N/a	N/a	N/a	N/a	N/a	N/a
34.90	38.30		BV 38a	5 A*-C GCSEs inc English and Maths	N/a	40.60	40.60	40.42	40.42	N/a
85.10	86.30		BV 39	5 A*-G GCSEs inc English and Maths	88.00	88.40	88.40	87.71	87.71	
8.13	8.10		BV 45	% half days missed - secondary	8.20	7.80	7.80	7.84	N/a	
5.65	5.74		BV 46	% half days missed - primary	5.74	5.90	5.90	5.89	N/a	
12.30	11.97		BV 49	% children looked after in 3+ placement	10.00	11.40	11.70	11.30	N/a	
53.00	59.20		BV 50	Children looked after - 1 A*-G GCSE	62.00	57.40	59.20	57.40	N/a	
98.00	100.00		BV 162	Reviews of child protection cases	100.00	100.00	100.00	100.00	N/a	
7.40	13.22		BV 163	Adoptions of children looked after	12.00	12.61	14.20	14.90	N/a	
71.00	70.22		BV 181a	Level 5 / 5+ KS3 English	77.00	67.20	67.20	69.18	69.18	
71.00	73.02		BV 181b	Level 5 / 5+ KS3 Maths	76.00	76.90	76.90	76.87	76.87	
65.00	69.04		BV 181c	Level 5 / 5+ KS3 Science	72.00	71.73	71.73	71.74	71.74	
72.00	70.01		BV 181d	Level 5 / 5+ KS3 ICT	76.00	70.80	70.80	71.74	71.74	
25.00	24.00		BV 194a	Level 5 KS2 English	28.00	30.65	30.65	30.68	30.68	
30.00	31.00		BV 194b	Level 5 KS2 Maths	32.00	33.67	33.67	33.62	33.62	
N/a	N/a	N/a	KPI	Schools - special measures / improvement notices	N/a	2.00	1.99	N/a	N/a	N/a

Educational attainment indicators from Summer 2006 examination results constitute the authority's BVPI outturn for 2006/07 - results have now been finalised and are not expected to change

KS2 targets (BV194a+b) have been met and exceeded - whereas at KS3 (BV181s) only Maths has achieved target. KS3 English and ICT each dropped a quartile position in 2005/06 while Science improved from third to second quartile.

BV46 Primary attendance remains worse than target although there has been a slight improvement

BV49 has improved but has not achieved our target of 10. This is also a PAF indicator and with performance less than 16 remains in the top banding despite not achieving our target.

BV50 Although performance remains below target, it should be noted that performance of 59% in 2005/06 resulted in a top quartile position for this indicator. (The top quartile threshold was 59%)

BV161 continues to achieve 100%. Such performance resulted in a top quartile for the authority.

BV163 - current performance is impressively 24% higher than target. Performance improved in 2005/06 and resulted in a move from second to top quartile

DELEGATED SCHOOLS BUDGETS AND THE DEDICATED SCHOOLS GRANT

	Year to Date Budget	Year to Date Actual	Variance	Original Budget	Revisions	Revised Budget	Projected Outturn Position	Projected Over/Under Spend
	£	£	£	£	£	£	£	£
Employees								
- Pay	161,800,464	130,915,655	30,884,809	240,294,844	0	240,294,844	240,294,844	0
- NI	23,672	9,760,701	-9,737,029	108,998	0	108,998	108,998	0
- Pensions	0	17,149,966	-17,149,966	0	0	0	0	0
- Other	5,407,569	6,301,614	-894,045	5,258,743	0	5,258,743	5,258,743	0
Total Employees	167,231,705	164,127,936	3,103,769	245,662,585	0	245,662,585	245,662,585	0
Premises (exc R&M)	8,475,088	6,072,556	2,402,532	10,401,280	0	10,401,280	10,401,280	0
Premises (R&M)	3,067,380	3,067,380		4,241,631	0	4,241,631	4,241,631	0
Transport	969,655	521,410	448,245	952,870	0	952,870	952,870	0
Supplies & Services	43,075,329	30,486,422	12,588,907	41,804,432	-8,178,516	33,625,916	33,625,916	8,178,516
Agency & Contracted	0	0	0	0	0	0	0	0
Purchase of Care	0	0	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0	0	0
Central Support - non target	11,960,342	997,687	10,962,655	13,159,900	0	13,159,900	13,159,900	0
Revenue Contributions to Capital	230,550	0	230,550	230,550	0	230,550	230,550	0
Other	0	0	0	0	2,594,508	2,594,508	2,594,508	-2,594,508
Capital Charges - non target								
- Depreciation								
- Interest								
Total Costs - Target	219,982,327	201,208,324	18,774,003	303,293,348	-5,584,008	297,709,340	297,709,340	5,584,008
Total Costs - Non Target	15,027,722	4,065,067	10,962,655	13,159,900	0	13,159,900	13,159,900	0
GROSS EXPENDITURE	235,010,049	205,273,391	29,736,658	316,453,248	-5,584,008	310,869,240	310,869,240	5,584,008
Non-DSG Income	50,098,070	53,605,575	3,507,505	48,715,584	-16,420,133	32,295,451	32,295,451	-16,420,133
Dedicated Schools Grant	158,686,157	158,686,157	0	233,560,123	0	233,560,123	233,560,123	0
Total Income	258,882,297	265,897,308	7,015,011	330,991,291	-16,420,133	314,571,158	314,571,158	-16,420,133
NET EXPENDITURE	-23,872,248	-60,623,917	36,751,669	-14,538,043	10,836,125	-3,701,918	-3,701,918	-10,836,125

SCHOOLS DELEGATED BUDGETS

The funds delegated to nursery, primary, secondary and special schools are all met from DfES Grant (the DSG). The summary shows overall spending at 30 November 2006. Decisions on priorities and the profile of spending plans are matters for school Governing Bodies. Schools have the ability to carry forward any balances on their budgets at the financial year end and DfES is actively encouraging multi-year budget planning. One issue that will assist when balancing the DSG, at the year end, is that revised nursery places have produced an additional saving of £90,000. DfES has just confirmed an obligatory "clawback" mechanism that will come into operation at the end of the 2007/2008 financial year, and in certain circumstances this could result in excess school balances being top sliced and re-directed within the DSG.

LOCAL AUTHORITY MANAGED SERVICES AND ACTIVITIES WITHIN THE DSG

	Year to Date Budget	Year to Date Actual	Variance	Original Budget	Revisions	Revised Budget	Projected Outturn Position	Projected Over/Under Spend
	£	£	£	£	£	£	£	£
Employees								
- Pay	4,109,865	4,193,171	-83,306	7,855,509	-1,665,880	6,189,629	6,189,629	1,665,880
- NI	306,537	320,252	-13,715	585,659	-122,195	463,464	463,464	122,195
- Pensions	541,201	544,271	-3,071	1,091,861	-277,645	814,216	814,216	277,645
- Other	256,667	259,959	-3,292	257,000	3,000	260,000	260,000	-3,000
Total Employees	5,214,270	5,317,653	-103,383	9,790,029	-2,062,720	7,727,309	7,727,309	2,062,720
Premises (exc R&M)	121,673	269,263	-147,590	809,297	-431,840	377,457	377,457	431,840
Premises (R&M)	42,934	42,934	0	3,826,034	0	3,826,034	4,426,034	-600,000
Transport	315,344	518,715	-203,371	524,600	39,622	564,222	564,222	-39,622
Supplies & Services	899,938	1,059,386	-159,448	973,160	339,100	1,312,260	1,312,260	-339,100
Agency & Contracted	2,000,000	1,917,046	82,954	3,153,000	0	3,153,000	3,153,000	0
Transfer Payments	1,455,332	1,483,913	-28,581	2,175,000	100,000	2,275,000	2,275,000	-100,000
Central Support - non target	0	0	0	579,824	-44,754	535,070	535,070	44,754
Revenue Contributions to Capital	0	0	0	0	0	0	0	0
Other	0	45,761	-45,761	4,646,066	-1,162,469	3,483,597	3,483,597	1,162,469
Capital Charges - non target								
Total Costs - Target	10,006,558	10,611,737	-605,179	25,897,186	-3,178,307	22,718,879	23,318,879	2,578,307
Total Costs - Non Target	42,934	42,934	0	579,824	-44,754	535,070	535,070	44,754
GROSS EXPENDITURE	10,049,492	10,654,671	-605,179	26,477,010	-3,223,061	23,253,949	23,853,949	2,623,061
Income	2,095,049	2,725,959	630,909	29,631,661	-25,103,971	4,527,690	4,527,690	-25,103,971
Dedicated Schools Grant	15,115,723	15,115,723	0	22,247,877	-3,521,618	18,726,259	18,726,259	-3,521,618
Total Income	17,210,772	17,841,682	630,909	51,879,538	-28,625,589	23,253,949	23,253,949	-28,625,589
NET EXPENDITURE	-7,161,281	-7,187,010	25,730	-25,402,528	25,402,528	0	600,000	-26,002,528

LOCAL AUTHORITY MANAGED SERVICES AND ACTIVITIES WITHIN THE DSG

REVIEW OF SPENDING TO DATE

Executive Summary

There are two demand-led areas of the budget, Home Tuition for sick pupils and Early Years Placements with Private Providers that are on target to exceed budget. Operating costs of an extended Pupil Referral Unit are high, in the first year that the PRU is making new provision for Key Stage 4 pupils. There are offsetting under spends on SEN provision and fees paid for "include"; an out of school scheme. For the last quarter it was estimated an over spend of £235,000 was possible which would need to be managed within the overall DSG balance at the year end, as there is scope to meet this over spend from the grant made available for 2007/2008. However, within the DSG Budget Plan for 2006/2007, reduced expenditure is expected on Standards Fund (revenue contribution) and this will mean about £196,000 is available to counter areas of over spend. (The County Treasurer has now determined that year end under or over spends on this part of the budget must be managed within the DSG multi-year planning cycle and hence have no effect on the DCC Revenue budget requirement.) The overall position is that spending on this area of the DSG managed by the Local Authority is now projected to be in line with budget at out-turn.

Employees

The annual budget for Home Tuition is £790,650 and this is used to employ casual staff to educate pupils who are out of school due to sickness and pregnancy. Spend to date is high and is projected to be £43,000 over spent at out-turn. However, this is an area of the service where demand rises and falls across the year and the position will be monitored.

£21,000 saving on staff within the Education Other Than At School Service has been delivered by August 2006.

Staff vacancies at the Resource Bases for Language, Hearing and Visual Impairment are on target to result in savings of about £90,000 by the year end but this will be offset by about £25,000 of extra staff costs within the Learning Support Service.

The Anti-Bullying Service is on target to over spend by about £20,000 but this will be met by income from DfES who have seconded a manager to work on a national project.

Premises

This part of the budget includes £3,782,900 for Capitalised Repair and Maintenance to school buildings. Typically this can include major works such as re-roofing, boiler plant renewal, electrical rewiring and asbestos removals. Due to demands on this budget the County Treasurer has agreed to allow some flexibility of spending over 2006/2007 and 2007/2008, as there are guarantees from DfES about the levels of DSG that will be available over the 2 year period. Consequently, the schedule of projects committed to date exceeds budget by £600,000, but this will be dealt with in the 2007/2008 DSG Plan. £1.87m of works were complete by the end of October. The Schools Forum is appreciative that more works are being done earlier and better VFM is being achieved because of the level of inflation on building works.

Transport

There are transitional arrangements in place at the Pupil Referral Unit (PRU) this year, as their capacity is extended from September to accommodate Key Stage 4 pupils. This means there is a phasing-out of agency placements and the associated transport. Numbers of pupils and actual expenditure was always going to be difficult to predict and at this point it is estimated that an over spend on transport costs may be in the region of £120,000.

Supplies and Services

The over spend at outturn of £310,000 relates to payment of grants and subscriptions (such as Copyright Licensing Agency and Education Recording Agency) arranged centrally on behalf of schools and is balanced entirely by Service Level Agreement Income.

Savings of £233,000 on the fee costs of "include placements" for pupils with special educational needs who are at risk of exclusion from school are on target to be delivered; because of the timing of payments an additional £51,000 of fee costs will also be achieved.

Agency and Contracted Services

The budget of £2,573,000 for Independent special school fees is traditionally a key area of the budget to keep under control. Current placements are on target to cost £10,980 less than the budget, but there is one new placement to be funded, once the value of a package of support can be determined.

There has been a delay for all Local Authorities in the region, on the issue and payment of recoupment accounts for pupils with special educational needs who are attending schools outside their resident authority. The introduction of the DSG has changed the

basis for calculating charges and accounts are only now being processed. At this point, pupil numbers do not suggest there will be any significant variation from budget.

The overall savings target predicted on independent fees and recoupment is expected to be delivered.

Transfer Payments

A revised budget of £2,275,000 is available to meet the cost of payments to voluntary/independent providers of Early Years provision. Expenditure for the Summer Term 2006 totalled £821,503 and by 30 November this had risen to £1,493,693. The budget looks as though it should balance at outturn, but parental choice can affect the position and is hard to predict. Final budget commitments will be known by February 2007.

REVISIONS TO ORIGINAL BUDGET

At the end of Quarter 2, a revision of £310,000 was made to both the Supplies and Services budget and the Income budget (net NIL impact). This relates to Service Level Agreements for the likes of Copyright Licensing which are paid for by schools from their delegated budgets but arranged centrally by the Local Authority.

For this quarter a balance within the DSG Budget Plan has allowed budget increases for home tuition employees and payments to non-Local Authority Early Years providers. Furthermore School Standards Grant and Learning and Skills Council Grant featured here in the Local Authority controlled side of the Dedicated Schools Grant. These grants are for use by schools and therefore a budget transfer of £25,402,528 has been made to reflect this.

FORMER EDUCATION AUTHORITY SERVICES

	Year to Date Budget	Year to Date Actual	Variance	Original Budget	Revisions	Revised Budget	Projected Outturn Position	Projected Over/Under Spend
	£	£	£	£	£	£	£	£
Employees								
- Pay	14,834,773	16,647,401	-1,812,628	16,441,254	7,441,256	23,882,510	23,898,510	-7,457,256
- NI	1,100,038	1,261,962	-161,923	1,211,156	557,847	1,769,003	1,770,223	-559,067
- Pensions	2,208,420	2,456,049	-247,629	2,464,728	1,097,929	3,562,657	3,565,437	-1,100,709
- Other	2,314,914	2,253,595	61,318	3,320,739	919,696	4,240,435	4,221,435	-900,696
Total Employees	20,458,145	22,619,007	-2,160,862	23,437,877	10,016,728	33,454,605	33,455,605	-10,017,728
Premises (exc R&M)	347,769	578,492	-230,723	335,868	409,274	745,142	726,317	-390,449
Premises (R&M) - non target	50,709	139,968	-89,260	339,309	0	339,309	336,309	3,000
Transport	7,174,076	11,260,845	-4,086,769	14,262,414	471,057	14,733,471	14,741,471	-479,057
Supplies & Services	44,640,369	45,759,274	-1,118,905	6,769,957	46,917,117	53,687,074	53,637,074	-46,867,117
Agency & Contracted	0	0	0	0	0	0	0	0
Transfer Payments	1,038,200	962,695	75,505	65,000	1,541,000	1,606,000	1,606,000	-1,541,000
Central Support - non target	0	11,679	-11,679	4,357,238	-362,934	3,994,304	3,994,304	362,934
Revenue Contributions to Capital	0	0	0	0	25,000	25,000	25,000	0
Other	1,538,866	1,914,050	-375,184	550,172	4,952,527	5,502,699	5,502,699	-4,952,527
Capital Charges - non target	80,700	0	80,700	26,471,920	0	26,471,920	26,471,920	0
Total Costs - Target	75,197,425	83,094,363	-7,896,939	45,421,288	64,332,703	109,753,991	157,140,774	-111,719,486
Total Costs - Non Target	131,409	151,647	-20,239	31,168,467	-362,934	30,805,533	31,168,467	0
GROSS EXPENDITURE	75,328,833	83,246,011	-7,917,177	76,589,755	63,969,769	140,559,524	140,496,699	-63,906,944
Total Income	17,312,500	20,125,769	2,813,268	13,805,671	63,560,816	77,366,487	77,426,487	63,620,816
NET EXPENDITURE	58,016,333	63,120,242	-5,103,908	62,784,084	408,953	63,193,037	63,070,212	-286,128
Capital	19,133,876	17,723,876	1,409,999	47,104,910	8,332,741	55,437,651	40,000,000	7,104,910

FORMER EDUCATION AUTHORITY SERVICES

The budget for Children and Young People's Services can now be seen as a single aspect of the County Council's Revenue budget but a better understanding of the content of the budget, and issues arising from the third quarter of budget review, separating out the former Education and Children's Services functions from Social Care and Health. The page of the budget information headed "Former Education Authority Services" has a total value of £62,784,084, of which £31,512,117 is actually the budget responsibility of the Corporate Director of CYPS.

REVIEW OF SPENDING TO DATE EXECUTIVE SUMMARY

Analysis of this area of the budget, at summary level, reveals some variations between actual spend and budget profiles (the expected timing of spend and income). The reason for this is primarily due to 2 large DfES Grants:

- The Sure Start Grant covers expenditure across most expenditure headings: expenditure and income budgets are now in budgetary control reports but the type of spend is wide-ranging and not easy to profile across the year. At present it appears as though there is an under spend of £758,000, but this will not be the case. The grant varies from year to year but it is a 100% grant that will have a net NIL effect on the County Council's budget position. (£6.99m of DfES revenue grant has been allocated to Durham for 2006/2007.)
- A large amount of Standards Fund Grant is managed in this part of the budget. Several significant new allocations have been received since the original budget was set. Budget profiling is difficult as grant priorities change and the grants can be spent over a 17 month period, i.e. 1 April 2006 to 31 August 2007. An apparent of over spend of £948,000 will not be the case at outturn. This affects the areas of employees, supplies and services and income in the main.
- The 'trading accounts' operating for Curriculum and Professional Development (mainly school staff) and Information Technical Support Service (ITSS) also affect summary level data; at the year end there is no effect on the Revenue Budget.

PROJECTED OUTTURN EXECUTIVE SUMMARY

At the last reporting stage the overall budget was on target to under spend by about £250,000, but that was before firm estimates of transport costs could be made and did not acknowledge final determination of costs that could be funded from within the DSG. The latter improves the budget position by £203,638. The revised outturn projection against original budget indicates an over spend of £286,000. However, after approved revisions to the original budget of £409,000, we anticipate an under spend of £123,000.

The main variances which contribute to the reduction in under spend are further redundancy and gratuity payments, anticipated over spend on Outdoor Education cleaning and catering contracts and a shortfall in savings being achieved in respect of Key Stage 4 and travel permits.

Employees

The majority of the variance on Pay, National Insurance and Superannuation is due to expenditure which is funded by general Sure Start Grant, CPD Trading Account and Standards Fund Grants as referred to previously. None of these will have any net impact on the Revenue Budget.

The Service Budget changed in September because of the transfer out of Payroll staff and the transfer in of former Treasurer and Social Care and Health accounting staff. The slippage target expected on management and administration is not being achieved and at this point is on target to be about £60,000 over budget by outturn.

The redundancy budget held by the Local Authority mainly for school-based staff is £360,500 but a budget of £250,000 also lies in the DSG. Total payments to date have a value of £530,057. Known commitments increase expected spend to £591,500 (i.e. an under spend of £19,000). No further payments are expected for the remainder of the financial year.

All the staff employed in the Education in the Community Service are being charged here, pending detailed service disaggregation in 2007/2008. Some adjustments are needed to match up with the partial transfer of budget to Adult Services. The obvious area of apparent over spend related to Caretaking staff. However, there may be some changes as a result of a reduction in LSC income and this will be a matter reported on by the Director of Adult Services.

Two short-term school improvement projects supporting 14 to 19 developments and outcomes from the last LA inspection ended at the beginning of the financial year and will reduce expenditure by £40,000.

Premises

The Service has benefited from a late rebate on the terms of the electricity contract, producing a credit of £31,825.

Catering and cleaning costs at Outdoor Centres have increased because of revised Service Direct charges and this means a potential over spend of £20,000.

Transport - Home to School/College

This is the biggest and most volatile and unpredictable area of the budget. Transport costs comprise: taxi and bus contract hire, contract tickets (usually academic year), monthly passes; bus fares. (The costs of operating yellow buses are managed separately and are on target.) The distribution of the budget has been revised to acknowledge latest types of provision actually being used, e.g. contract hire or contract tickets.

The original Transport budget (excluding yellow buses) had a value of £13.805m. By the end of November data is available on contract tickets purchased for the 2006/2007 academic year, it is clearer which pupils are using monthly travel cards and an estimate can be made of daily contract hire costs for the rest of the financial year. (Budget control reports show an over spend at this point but this is because the full value of contract tickets bought in September 2006 are charged here. At the year end the Summer Term 2007 costs will be transferred to the next financial year.)

Contract hire is estimated to cost £9.164m (after allowing 4.3% inflation from September 2006); contract tickets, monthly travel cards and fares payments are expected to cost £4.832m, producing a total spend at out-turn of £13.996m.

A projected over spend of £191,000 is expected against original budget, however, the budget has been increased by £203,000 which is the amount available now the final DSG budget plan has been determined. This gives some capacity to manage new demand particularly for pupils with SEN. This therefore addresses this budget pressure.

Supplies and Services

The majority of the variance is due to expenditure which is funded by Standards Fund Grants and the CPD and ITSS Trading Accounts.

The Local Authority supports "schools causing concern" usually as a result of Inspections, and a balance on Standards Fund from 2005/2006 programmes has allowed £110,000 to be charged to grant to produce a Revenue Budget saving.

Income

Within the Inspection and Advisory Service the amount of income from work on OfSTED Inspections of schools is expected to reduce considerably: however, the service is aware of the problem and alternate income sources are expected to result in a budget balance of £60,000 or thereabouts.

As part of the ongoing review of budgets consideration will be given to maximising the use of the general Sure Start Grant and Standards Fund to assist in balancing the Revenue Budget.

REVISIONS TO ORIGINAL BUDGET

There have been several changes to the original budget, mostly to reflect information to do with grants, the development costs of the Building Schools for the Future Initiative (BSF) and an amount brought in from contingencies to meet the costs of increased energy prices. The main details are set out below:

(i) Standards Fund - extra income because of new DfES Grants and £258,256 carry forward into 2006/2007 of grant allocations from the previous financial year (Standards Fund Grants can be spent over a 17 month period). Total Standards Fund income has risen to £36.5m.

(ii) Increased expenditure and income budgets to reflect £6,998,649 of General Sure Start Grant.

(iii) Most primary and day special schools participate in the main school meals catering contract set by the Local Authority and expenditure to pay the contractor of £5,560,000 has been provided in the Supplies budget with a corresponding income amount.

(iv) £9,364 has been brought in from contingencies to meet the increased costs of energy.

(v) Cabinet agreed the level of resources needed to support the planning and development of the Building Schools for the Future (BSF) initiative and this has resulted in funds being added to the budget from Capital resources and contingencies. The total increase provided is £677,000.

(i) to (v) were actioned by the end of the second budget monitoring period. Additional revisions being reported for the first time are:

(vi) Additional expenditure on Standards Fund activities can now be funded from the DSG. This releases £203,638 of budget that has been re-directed towards the home to school/college transport budget.

CHILDREN'S SERVICES – PREVIOUSLY PART OF SOCIAL CARE AND HEALTH

	Year to Date Budget	Year to Date Actual	Variance	Original Budget	Revisions	Revised Budget	Projected Outturn Position	Projected Over/Under Spend
	£	£	£	£	£	£	£	£
Employees								
- Pay	14,114,971	14,108,626	6,345	21,327,932	194,134	21,522,066	21,869,866	-541,934
- NI	1,055,084	1,072,239	-17,155	1,605,619	-4,678	1,600,941	1,629,141	-23,522
- Pensions	2,364,540	1,901,194	463,346	3,597,796	-1,787	3,596,009	3,596,009	1,787
- Other	153,174	590,781	-437,608	268,640	135,559	404,199	404,199	-135,559
Total Employees	17,687,769	17,672,840	14,929	26,799,987	323,228	27,123,215	27,499,215	-699,228
Premises (exc R&M)	519,810	560,357	-40,548	823,333	76,874	900,207	928,207	-104,874
Premises (R&M) - non target	111,903	116,290	-4,387	111,297	126,334	237,631	237,631	-126,334
Transport	716,803	784,319	-67,516	1,230,717	37,992	1,268,709	1,368,709	-137,992
Supplies & Services	2,239,239	2,339,905	-100,666	5,183,098	3,627,853	8,810,951	9,125,951	-3,942,853
Agency & Contracted	5,671,956	5,464,125	207,832	10,011,292	-62,508	9,948,784	9,258,784	752,508
Transfer Payments	33,790	27,464	6,326	84,774	-4,433	80,341	80,341	4,433
Central Support - non target	0	0	0	3,436,715	-3,332,369	104,346	104,346	3,332,369
Revenue Contributions to Capital	0	0	0	0	0	0	0	0
Other	0	0	0	284,160	0	284,160	284,160	0
Capital Charges - non target								
- Depreciation	0	0	0	101,082	0	101,082	101,082	0
- Interest	0	0	0	69,014	0	69,014	69,014	0
Total Costs - Target	26,869,368	26,849,011	20,357	44,417,361	3,999,006	48,416,367	48,545,367	-4,128,006
Total Costs - Non Target	111,903	116,290	-4,387	3,718,108	-3,206,035	512,073	512,073	3,206,035
GROSS EXPENDITURE	26,981,271	26,965,301	15,970	48,135,469	792,971	48,928,440	49,057,440	-921,971
Total Income	7,340,998	7,714,512	373,514	14,134,639	605,903	14,740,542	14,751,342	616,703
NET EXPENDITURE	19,640,273	19,250,789	389,484	34,000,830	187,068	34,187,898	34,306,098	-305,268
Capital	0	0	0	143,500	-143,500	0	0	143,500

CHILDREN'S SERVICES - PREVIOUSLY PART OF SOCIAL CARE AND HEALTH

REVIEW OF SPENDING TO DATE

Executive Summary

There are service pressures resulting in budget over spends on areas such as legal costs, transport associated with care orders and direct payments to parents of disabled children. They will be offset by under spending on an Adoption (Invest to Save) Initiative, Boarding Out Allowances and other specialist provision. The latest outturn estimate suggests an over spend of £118,200 against revised budget but this is before acknowledging the costs of redundancies which are expected to be met from DCC contingencies.

Employees

Budget information to date reflects a relatively high level of staff vacancies but recruitment procedures are underway. The budgets for employees are over spending because of delays in implementing savings proposals, as reported earlier in this report. Some under spend because of vacancies may offset but the impact at present is an over spend of about £200,000. On top of this the cost of redundancies is also creating an over spend in this part of the budget; latest estimate £176,000 but this is to be met from reserves.

Premises

The energy and cleaning costs on the Aycliffe Site are already running above budget and at this point are predicted to over spend by £28,000 in a full year.

Transport

Arising from court decisions on care orders, that specify the terms of parental contact, the service is required to make transport arrangements. In addition, costs in transporting pupils to school that may be a considerable distance from an interim child placement also fall to this service. The budget seems to be stretched at present due to demand and the high cost of transport contracts of this type. By the end of the year the budget is on target to over spend by £100,000.

Supplies and Services

The service is responsible for direct payments to those parents and carers who exercise their right to pursue this option to enable them to support their disabled children. There is a general trend for this area of the budget to be under greater pressure due to parental preference. An over spend of £250,000 is probable based on the latest spending patterns.

Within Supplies and Services a budget of £200,000 exists, over and above the normal recharge for DCC legal services, to meet the cost of barristers and external solicitors working on the County Council's behalf on Child Care Proceedings. The incidence and duration of legal involvement is unpredictable, and this is an area of the budget that has the potential to over spend by about £115,000 based on current spending levels.

Agency and Contracted Services

Out-County and independent residential foster placements can be hugely expensive (typically £180,000 per child). A panel determines placements and ensures all options are considered before going down this route. The budget available is £2.71m and this is on target. A payment for skills incentive payment is made to carers who have managed a placement for a full year and there are probable savings on the budget available of £60,000. The service negotiates child and adolescent mental health services (CAMHS) via Sedgefield PCT and because of advance payments it should be possible to reduce costs in 2006/2007 by over £100,000.

Operating from the Aycliffe site is a joint project working with National Children's Homes to train and fund the development of specialist foster carers so they can manage the most challenging and difficult placements. The benefits of this initiative are felt elsewhere in the service as costly independent placements are kept to a minimum. The demands on this service are high and initial projections suggest there could be an over spend in excess of £140,000 by the year end, however, this will be offset by the budget for Boarding-Out Allowances which is expected to be under budget by £200,000 approximately.

Service Level Agreements with external agencies are not being used as much because of Direct Payments and the success of other fostering initiatives and this should realise savings of £150,000 plus a further £100,000 is expected to be under spent on bed and breakfast payments for Looked After Children.

Part of the 2006/2007 budget plan includes a £420,000 "Invest to Save" strategy, aimed at increasing the number of adoptive placements, which in due course frees up Social Worker resources and reduces the financial impact of age-related fostering and payment for skills allowances. This is a 5 year programme with a projected £700,000+ saving in revenue budget by 2010/2011. This is a complex process and so far this year numbers are lower than anticipated. The outcome for the 2006/2007 budget is that at most £150,000 of the £420,000 budget will be required and therefore this will reduce spend by £270,000, which will offset over spending elsewhere.

Income

An extra £10,800 of Carers Grant has been obtained and this will offset operating costs.

REVISIONS TO ORIGINAL BUDGET

An additional £45,970 has been provided from contingencies to meet rising energy costs. Other revisions made by the second quarter are set out below:

- (i) £3.3m budget has been re-located in respect of support services that are currently being managed within Adult Services.
- (ii) The budget for employees has increased by approximately £308K which is largely to acknowledge direct employment of staff rather than services being provided externally.
- (iii) Increased expenditure and income budgets to reflect the operating costs of the Local Safeguarding Children's Board and Department for Education and Skills funded projects within the Youth Engagement Service.
- (iv) For the third quarter £14,764 has been brought in from Adult Services to fund a specific post for 5 months of the year.

Adult and Community Services

2004 / 05 year end	2005 / 06 year end	Change since 2004 / 05	PI ref	PI description	2006 / 07 Target	Q1 2006 / 07	Q2 2006 / 07	Q3 2006 / 07	Q4 2006 / 07	Current Status
21.15	21.37	✔	BV 53	Intensive home care per 1,000 65+ pop.	21.40	22.60	23.50	23.90	N/a	★
91.01	96.20	✔	BV 54	Older people helped live at home	92.00	99.70	98.70	101.20	N/a	★
1059.00	1113.61	✔	BV 170a	Visits to / usage of museums	1100.00	1161.88	1168.64	1104.00	1104.00	●
380.00	344.43	✘	BV 170b	Visits to museums in person	406.00	350.54	358.23	355.00	355.00	▲
14413.00	16774.00	✔	BV 170c	Pupils visiting museums and galleries	16000.00	17037.00	17044.50	20855.00	20855.00	★
75.32	72.00	✘	BV 195	Acceptable waiting times for assessment	75.00	71.90	71.45	73.40	N/a	▲
94.00	153.63	✘	AO / C72	Admission: Support Residents 65+ residential / nursing care	99.90	96.03	98.86	98.70	N/a	●

BV53 & 54 continue to perform better than target. Older people helped to live at home achieved 2nd quartile 05/06

BV170 - mixed performance. Usage of museums / pupils visiting museums either on or ahead of target whereas visits in person currently below target and not expected to achieve the target set by the year end.

BV195 dropped from 2nd to bottom quartile in 2005/06 and current performance remains below the target set.

C72 Improved performance

Culture Block - CPA										
2004 / 05 year end	2005 / 06 year end	Status at 31 March 2006	PI ref	PI description	2006 / 07 Target	Q1 2006 / 07	Q2 2006 / 07	Q3 2006 / 07	Q4 2006 / 07	Current Status
Individual CPA indicators										
69.20	70.00	●	BV 119b	Satisfaction Library Users	N/a	70.00	70.00	70.00	70.00	●
60.60	72.20	●	BV 178	% footpaths etc. easy to use	74.00	67.30	67.30	71.30	71.30	●
96.70	97.10	★	PLSS 07	% users>16 - libraries good / very good	94.00	97.10	97.10	97.10	97.10	★
17.78	18.00	▲	C04	Active borrowers as % of population	20.40	17.36	17.60	19.77	N/a	▲
3.05	3.11	●	C13	Cost per library visit	N/a	3.11	3.11	3.11	3.12	●
N/a	2.00	★	C15	Museums Accreditation	N/a	2.00	2.00	N/a	N/a	N/a
N/a	84.60	★	C16	School Sports P'ships - 2 hours PE	N/a	84.60	84.60	84.60	N/a	★
CPA C2 - overall ★										
90.80	90.80	●	PLSS 01	Households within 2 miles of library	90.00	90.80	90.80	90.80	90.80	●
174.69	169.00	★	PLSS 02	Scheduled opening per 1,000 pop	128.00	169.00	169.00	169.00	169.00	★
4933.00	4867.00	●	PLSS 06	Physical visits to libraries per 1,000	5000.00	4853.57	4831.00	4810.00	N/a	●
CPA C3 - overall ★										
100.00	100.00	★	PLSS 03	Static libraries with internet	100.00	100.00	100.00	100.00	100.00	★
7.00	6.96	★	PLSS 04	No. of workstations per 10,000	6.00	6.96	6.96	6.96	6.96	★
CPA C11 - overall ★										
62.00	61.00	★	PLSS 05i	% requests met within 7 days	50.00	61.00	61.00	63.00	63.00	★
76.00	75.00	★	PLSS 05ii	% requests met within 15 days	70.00	75.00	75.00	73.00	73.00	★
89.00	89.00	★	PLSS 05iii	% requests met within 30 days	85.00	89.00	89.00	87.00	87.00	★
231.00	220.00	★	PLSS 09	Annual items added per 1,000 pop	202.00	220.00	220.00	224.52	224.52	★
4.40	4.40	★	PLSS 10	Replenish time - total lending stock	6.70	4.44	4.44	4.44	4.44	★
CPA C12 - overall ●										
7.04	7.13	★	C12a	Stock turn	6.70	7.13	7.13	7.13	7.13	★
922.10	896.00	▲	C12b	Stock level	1108.00	901.13	901.13	901.13	901.13	▲

Icon	CPA performance
★	At or above the upper threshold
●	Between the upper and lower thresholds
▲	At or below the lower threshold

CPA Culture block (2006) performance:

6/11 above the upper threshold (55%)

4/11 between the upper and lower thresholds (36%)

1/11 below the lower threshold (9%) (see C4 below)

Predicted score = 3

C4 - Active borrowers. Work is ongoing to improve performance. Issuing system has been amended to include **all** active borrowing. Marketing drive to increase no. of people registering. Performance has improved to 19.77 – although currently still below lower threshold for CPA. (20.4)

ADULT AND COMMUNITY SERVICES

	Year to Date Budget	Year to Date Actual	Variance	Original Budget	Revisions	Revised Budget	Projected Outturn Position	Projected Over/Under
	£	£	£	£	£	£	£	£
Employees								
- Pay	33,032,449	32,984,845	47,604	48,790,410	1,003,739	49,794,149	49,711,940	-921,530
- NI	2,203,560	2,245,542	-41,982	3,178,453	140,553	3,319,006	3,478,453	-300,000
- Pensions	5,463,749	5,143,265	320,484	8,107,513	82,544	8,190,057	7,757,513	350,000
- Other	291,169	565,049	-273,879	798,534	7,750	806,284	1,148,534	-350,000
Total Employees	40,990,927	40,938,700	52,227	60,874,910	1,234,586	62,109,496	62,096,440	-1,221,530
Premises (exc R&M)	1,913,249	2,022,238	-108,989	2,999,844	121,326	3,121,170	3,249,024	-249,180
Premises (R&M) - non target	611,516	483,052	128,464	1,103,347	23,000	1,126,347	1,103,347	0
Transport	2,223,711	2,065,984	157,728	3,831,599	38,144	3,869,743	3,715,722	115,877
Supplies & Services	5,334,205	4,793,619	540,586	11,407,507	-109,438	11,298,069	11,440,831	-33,324
Agency & Contracted	81,365,829	80,078,134	1,287,695	130,241,839	1,179,504	131,421,343	130,064,922	176,917
Purchase of Care	0	0	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0	0	0
Central Support - non target	0	0	0	7,803,384	254,598	8,057,982	7,803,384	0
Revenue Contributions to Capital	0	0	0	0	0	0	0	0
Other	0	0	0	354,402	0	354,402	354,402	0
Capital Charges - non target								
- Depreciation	0	0	0	1,189,258	0	1,189,258	1,189,258	0
- Interest	0	0	0	991,362	0	991,362	991,362	0
Total Costs - Target	131,827,922	129,898,675	1,929,247	209,710,101	2,464,122	212,174,223	210,921,341	-1,211,240
Total Costs - Non Target	611,516	483,052	128,464	11,087,351	277,598	11,364,949	11,087,351	0
GROSS EXPENDITURE	132,439,438	130,381,727	2,057,711	220,797,452	2,741,720	223,539,172	222,008,692	-1,211,240
Total Income	41,521,174	42,029,471	508,298	86,413,987	2,305,690	88,719,677	88,453,556	2,039,569
NET EXPENDITURE	90,918,264	88,352,255	2,566,009	134,383,465	436,030	134,819,495	133,555,136	828,329
Capital	1,893,438	742,609	1,150,829	226,500	3,524,633	3,751,133	3,401,133	-3,174,633

ADULT AND COMMUNITY SERVICES

2006/07 FORECAST OF OUTTURN

EXECUTIVE SUMMARY

Adult and Community Services has a gross expenditure budget of over £220 million. Income of over £86 million reduces the net expenditure budget to £134m. The budget can be volatile due to the impact of unexpected increases in demand, inflationary pressures and fluctuations in income from clients. There is the added complication this year due to the need to make significant savings.

It was apparent at an early stage in the financial year that it would not be possible to achieve all of the savings agreed for the Service. In total, £1,950,000 of the savings could not be achieved (including the £1,250,000 IMSOP saving) but this has been offset by the £1,750,000 saving achieved by not needing to utilise the Double Running budget.

The Service has recently completed the production of its zero base budgeting exercise for 2007/08 which has aided in producing an accurate forecast for 2006/07. The forecast of outturn at this stage is that the Service is forecasting an under spend of £828,329. This is a significant improvement upon the forecast of £58,000 given at the end of September. This improvement has resulted from the following:

- Continued prudence in the Service especially in relation to the investment of growth, where activity has been delayed
- Activity has dropped over the last 3 months in Older People's Commissioning where the services continues to reduce its reliance upon Residential Care
- Activity in both Mental Health and Learning Disability has not reached expected levels due to effective management of packages of care by Commissioning Managers
- The Service has been successful in receiving funding from the County Durham PCT for a number of expensive Learning Disability packages of care
- The zero base budget exercise identified that more client income than forecast would be received in Older People's services.

At this stage of the financial year the Service can be more accurate in forecasting outturn. Needless to say the Service was reasonably pessimistic in its previous estimates, especially in relation to volatile areas of commissioning income and client income.

Broad assumptions were also made in relation to investment of growth monies and staffing requirements in the in-house provider.

It is still likely that the forecast will continue to change. Even at this stage, a range of assumptions have been made in relation to additional client pressures in all of the Commissioning budgets. It must also be pointed out that at this stage no account is being taken of any change to the Services bad debt provision. This could also impact significantly upon the final outturn position.

The estimates of outturn are based upon the Original Budget. Reference will be made to budget that has been subsequently transferred to the Service as part of ongoing revision.

It must also be noted that the £1,250,000 IMSOP saving was not applied to budgets within the in-house provider. This was agreed with the County Treasurer to ensure budgets of residential homes were not prejudicially reduced before the consultation process was complete. The budgets were reinstated by reducing the £1,750,000 double running budget which was to be used to cover costs incurred as homes ran down to full closure.

At this stage the forecast outturn for the Service is a £828,329 under spend.

Employees

The major areas of non-achievement of savings are located in this budget head amounting to £280,000. Other key pressures on this budget head are as follows:

- The IMSOP Project Team have carried out a key role during the consultation process. There is no funding in place however for this team. Employee costs in 2006/7 are estimated to be £143,000.
- Expenditure of £749,119 has occurred in Older People and Learning Disability Services to provide SLA's agreed with the Commissioning Services. This is financed by income which is one of the reasons for the apparent over recovery in income. These budgets are to be transferred to the Provider Services in 2007/08 to negate the need to explain this internally driven process.
- Certain employee budgets are over spending as a result of the receipt of additional income, e.g. in Quality and Performance, especially at the Durham Assessment Centre.
- Redundancy costs have been incurred of £251,000 in relation to the efficiency savings for 2006/07.

Premises

The County Treasurer has agreed to transfer £88,000 to the Service to cover part of the estimated increased costs for Energy. The major elements of the over spend at this stage are as follows:

- It is estimated that the over spend in relation to Energy against original budget will be £128,000.

- Service Direct have increased cleaning charges by 16% for the first six months of the year and 33% for the second half of the year. This increase is expected to cover the costs of the job evaluation process. It is estimated that the additional cost in 2006/07 will be £90,000.
- Community Support did not move to Rivergreen until August. Unfortunately, the budget for renting Moor Chambers had been transferred to finance the rental of Rivergreen. On that basis, there was no available budget for the £20,000 cost associated with the rental of Moor Chambers for the first four months of the year.
- A charge of £90,000 has been levied by Priority Services Trust for joint use of office accommodation as part of Integrated Learning Disability Teams. The Service will receive a similar level of income for joint use of County Council accommodation.

Transport

The Service has carried out a range of reviews over the last two years to ensure transport is commissioned effectively and that Value for Money is sought. In recent years this budget has over spent but at this stage the under spend forecast in 2006/07 of £115,877 is seen as evidence of a more robust approach to budget management.

Supplies and Services

At this stage of the year a tight hold is being kept on this budget to assist in balancing the overall position. Close budget monitoring in this area is especially helping to cover the shortfall in savings targets. Expenditure covered by additional grant income in Culture and Leisure of over £100,000 in relation to Drama Development and Culture Ten activities have impacted upon the overall forecast.

Agency and Contracted

A £176,917 forecast under spend against a budget of over £130 million does not fairly describe the range of over and under spends in the key Learning Disability, Older People and Mental Health commissioning budgets.

The information below provides further details of the underlying issues:

- An over spend of approximately £500,000 in Learning Disability relates to reprovision costs of clients from Earls House hospital. These additional costs are covered by income from Priority Care Trusts.
- Additional pressures continue to be experienced in Learning Disability. At this stage, Commissioning Managers are endeavouring to maintain pressures wherever possible although this can impact upon relationships with clients, carers and partners.

- Activity levels in Older Peoples Residential/Nursing care continue to be below budgeted levels. The non-achievement of the True Cost of Care saving of £400,000 has heavily impacted upon this budget. Regardless of this however, it is still estimated that an under spend of £1.2 million will be realised. This is dependent, however, upon activity levels staying at current budgeted levels.
- Commissioning activity in home care is slightly above budgeted levels. This is to be expected as more clients retain their independence at the expense of entering residential care. At this stage, a £500,000 budget over spend is forecast.
- A residual double running budget of £500,000 remains. At this stage a cost of £57,000 needs to be covered due to day care costs after the closure of Wellfield. Further calls upon the budget will depend upon decisions on the consultation process. At this stage it has been assumed that there will be no calls made.

Transfer Payments

No expected variance.

Central Support

At this stage there are no reported variances.

Income

The Service has an income budget of over £84,000,000. This budget can be volatile due to reliance upon client income. The key points at this stage are detailed below:

- There are over recoveries within Learning Disability of £590,000 as detailed previously in this report in relation to joint use rental income and income from Primary Care Trusts for hospital reprovion clients.
- The effective use of a Moderating Panel for Learning Disability is starting to generate additional income via cost share arrangements. To date £250,000 of additional income has been raised from Primary Care Trusts.
- There is reduced client income in Older People's services due to the lower levels of residential care. Income is estimated to have reduced from budgeted levels by £200,000.
- Culture and Leisure have received £88,000 of additional income in relation to Culture Ten activities.

- Quality and Performance have generated over £100,000 of additional income in relation to Staff Development and the Durham Assessment Centre.
- Additional income for Provider Services from Commissioners of £749,119 has been received. This anomaly will be removed in 2007/08.

Capital forecast

The Service has a limited capital budget. At this stage the Service is moving forward with a range of schemes and is aiming to have fully expended most budgets by the end of the year. At this early stage, it is expected that some budgets will need to slip into 2007/8. Key points are as follows:

- The Hawthorn House replacement scheme has begun and at this stage it is expected that the scheme will be within budget.
- It is expected that the vehicles budget will transfer to the Integrated Transport Unit.
- It is expected that the Structural Maintenance budget will be fully expended although this budget is managed by Corporate

Environment										
2004 / 05 year end	2005 / 06 year end	Change since 2004 / 05	PI ref	PI description	2006 / 07 Target	Q1 2006 / 07	Q2 2006 / 07	Q3 2006 / 07	Q4 2006 / 07	Current Status
41.79	45.57		BV 87	Cost of waste disposal per tonne	52.75	N/a	N/a	N/a	N/a	N/a
240.00	216.00		BV 99ai	No. road accident casualties: KSI All	248.00	248.00	248.00	248.00	248.00	
35.00	23.00		BV 99bi	No. road accident casualties: KSI Child	36.00	36.00	36.00	36.00	36.00	
2096.00	1926.00		BV 99ci	No. road accident casualties: Slight Injuries	1891.00	1891.00	1891.00	1891.00	1891.00	
0.00	0.07		BV 100	Temporary traffic controls / closure	0.00	0.00	0.00	0.03	N/a	
24800000.00	24100000.00		BV 102	Local bus passenger journeys per year (millions)	25400000.00	24269717.00	24175496.00	24160091.00	N/a	
72.00	65.25		BV 109a	Planning applications - major	73.00	68.91	71.70	78.72	N/a	
60.60	72.20		BV 178	% footpaths etc. easy to use	74.00	67.30	67.30	71.30	71.30	
N/a	2.48	N/a	BV 215a	Rectify street lights - non-DNO	2.70	2.50	2.56	2.46	N/a	
N/a	11.37	N/a	BV 215b	Rectify street lights - DNO	20.00	10.07	11.12	10.71	N/a	
N/a	5.00	N/a	BV 223	% principal road maintenance	4.90	N/a	N/a	N/a	N/a	N/a
N/a	10.00	N/a	BV 224a	% non-principal road maintenance	N/a	N/a	N/a	N/a	N/a	N/a
N/a	18.17	N/a	BV 224b	% unclassified road maintenance	18.50	N/a	N/a	N/a	N/a	N/a
N/a	N/a	N/a	LPI 99a	No. road accident casualties: KSI all	200.00	58.00	104.00	178.00	N/a	
N/a	N/a	N/a	LPI 99b	No. road accident casualties: KSI Child	23.00	5.00	15.00	20.00	N/a	
N/a	N/a	N/a	LPI 99c	No. road accident casualties: Slight Injuries	1903.00	385.00	795.00	1246.00	N/a	

BV87 improved 1 quartile position in 2005/06 from 3rd to second

BV100 achieved top quartile in 2005/06.

BV102 (estimate) - not on target although achieved a top quartile position in 2005/06

BV109 Dropped from top to third quartile in 2005/06 although current performance is exceeding target

BV178 (Culture Block CPA indicator) Below our internal target although between the upper and lower thresholds for CPA

LPIs KSI all and children - current year - numbers higher than the profiled target at this point in the year. Slight injuries better than profile by more than 10% at this point

Environment Block - CPA										
2004 / 05 year end	2005 / 06 year end	CPA 2006 Threshold	PI ref	PI description	2006 / 07 Target	Q1 2006 / 07	Q2 2006 / 07	Q3 2006 / 07	Q4 2006 / 07	CPA 2006 Threshold
575.34	534.10	●	BV 84a	Household waste collection	530.00	531.53	525.87	513.62	N/a	●
87.00	81.00	●	BV 90c	Satisfaction - civic amenity site	90.00	81.00	81.00	81.00	81.00	●
59.00	60.60	●	BV 104b	Satisfaction - bus users	N/a	60.60	60.60	60.60	60.60	●
93.90	97.80	●	BV 165	% crossings adapted	100.00	97.80	97.80	97.80	N/a	●
100.00	100.00	★	BV 166b	Checklist - Trading Standards	100.00	100.00	100.00	100.00	N/a	★
Good	Good	●	E01	Progress with Local Transport Plan	N/a	Good	Good	Good	N/a	●
18.48	25.98	★	E06	% combined recycling and composting	28.00	27.74	28.28	N/a	N/a	N/a
20.46	19.32	●	E11	Road conditions	18.34	N/a	N/a	N/a	N/a	N/a
237.60	234.60	●	E12	Road casualties - KSI	234.00	N/a	N/a	N/a	N/a	N/a
61.30	65.70	●	E14	Satisfaction - passenger transport information	N/a	65.70	65.70	65.70	65.70	●
32.00	37.00	●	E18	Condition of footways	27.25	N/a	N/a	N/a	N/a	N/a
No	No	●	E19	Intervention - Traffic Management Act Powers	No	N/a	N/a	N/a	N/a	N/a
92.30	91.50	★	E30	Satisfaction - Trading Stds (customer)	75.00	N/a	91.60	91.60	N/a	★
89.00	81.30	★	E31	Satisfaction - Trading Stds (business)	75.00	N/a	86.10	85.50	N/a	★
95.80	100.00	★	E32	Trading Stds visits to high risk premises	100.00	34.00	57.30	67.30	N/a	★
89.00	97.00	★	E33a	Trading Stds business compliance - high risk	95.00	86.00	94.20	97.80	N/a	★
95.80	99.50	★	E33b	Trading Stds business compliance - medium risk	95.00	93.00	96.60	99.10	N/a	★
99.10	99.90	★	E33c	Trading Stds business compliance - low risk	95.00	96.00	99.30	99.30	N/a	★
2067.00	1969.30	●	E40	Road casualties - slight injuries	1824.00	N/a	N/a	N/a	N/a	N/a
3.00	3.00	★	KPI	Waste inspection score	N/a	3.00	3.00	N/a	N/a	N/a

Icon	CPA performance
★	At or above the upper threshold
●	Between the upper and lower thresholds
▲	At or below the lower threshold

CPA ENV BLOCK

6/17 above upper threshold (35%)

11/17 between the upper and lower thresholds (65%)

0/17 below the lower threshold (0%)

Predicted Score = 4

NB BV84a - Bottom quartile 2005/06 - although between the thresholds for CPA purposes. Lower Threshold is 575kg for this authority.

ENVIRONMENT

	Year to Date Budget	Year to Date Actual	Variance	Original Budget	Revisions	Revised Budget	Projected Outturn Position	Projected Over/Under Spend
	£	£	£	£	£	£	£	£
Employees								
- Pay	7,997,293	7,967,756	29,538	12,145,745	-113,215	12,032,530	12,029,082	116,663
- NI	563,337	554,270	9,066	834,394	446	834,840	845,110	-10,716
- Pensions	1,334,906	1,294,352	40,554	2,059,634	-48,824	2,010,810	2,004,490	55,144
- Other	86,403	77,148	9,255	277,342	42,098	319,440	375,940	-98,598
Total Employees	9,981,939	9,893,526	88,413	15,317,115	-119,495	15,197,620	15,254,622	62,493
Premises (exc R&M)	104,339	317,343	-213,005	180,330	0	180,330	570,760	-390,430
Premises (R&M) - non target	211,946	0	211,946	232,590	58,180	290,770	0	232,590
Transport	253,137	223,658	29,479	421,086	10,154	431,240	451,240	-30,154
Supplies & Services	1,741,685	1,288,825	452,859	2,550,141	190,509	2,740,650	3,005,700	-455,559
Agency & Contracted	21,758,927	18,170,011	3,588,916	39,686,585	1,591,675	41,278,260	40,821,540	-1,134,955
Purchase of Care	0	0	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0	0	0
Central Support - non target	1,429,951	1,429,817	134	8,830,560	-8,010	8,822,550	8,948,700	-118,140
Revenue Contributions to Capital	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Capital Charges - non target								
- Depreciation	0	0	0	6,769,820	0	6,769,820	6,769,820	0
- Interest	0	0	0	12,841,140	30	12,841,170	12,841,170	-30
Total Costs - Target	33,840,027	29,893,364	3,946,663	58,155,257	1,672,843	59,828,100	60,103,862	-1,948,605
Total Costs - Non Target	1,641,897	1,429,817	212,080	28,674,110	50,200	28,724,310	28,559,690	114,420
GROSS EXPENDITURE	35,481,923	31,323,181	4,158,743	86,829,367	1,723,043	88,552,410	88,663,552	-1,834,185
Total Income	6,534,748	6,213,692	-321,056	19,666,560	1,855,280	21,521,840	21,547,980	1,881,420
NET EXPENDITURE	28,947,176	25,109,489	3,837,687	67,162,807	-132,237	67,030,570	67,115,572	47,235
Capital	15,884,990	10,006,635	5,878,355	25,227,643	-581,917	24,645,726	24,948,755	278,888

Executive Summary

The Environment Service budget is subject to continuous review and measures have been put in place to achieve the savings as required under the Medium Term Financial Plan for 2006/07. This has been achieved mainly without affecting the delivery of efficient and effective services across a wide range of activities. At present there are no major issues affecting the budget. However, it was becoming increasingly likely that income associated with both the Civil Engineering and Geotechnical Laboratory and the Scientific Services Laboratory were not going to achieve their respective targets. In addition to this the pressures on both Public Transport and Access to the Countryside have been addressed as part of the mid-term review carried out in November. Reasons for minor variations are detailed below.

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 across the Service including:

- Commendation by the Audit Commission (Delivery Chain Analysis for Bus Services in England).
- Centre for Excellence Status for Local Transport Delivery.
- Nomination for Transport Shared Priority Pathfinder.
- Overall Best Performer in the Street Lighting Category for the Association of Public Service and Excellence Awards.
- Selection for a pilot Dedication Demonstration project for Access by the Countryside Agency (now Natural England)
- Receipt of Planning Delivery Grant as a performance reward initiative.
- A further 'Green Apple' award for its Urban and Rural Renaissance work.
- Pathfinder Case Study Status for work associated with the consultation and bid preparation stage of the South West Durham Heritage Corridor.

Budget / Performance updates are regularly undertaken through the introduction of '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 Operational Plan in order to assist the Authority in delivering its corporate aims and the priorities for improvement.

Performance Indicators are generally on track for the year. Those which are currently below target include Local Bus Passenger Journeys for the year which, it is hoped, will improve in the second part of the year; in major planning applications determined which again should come back on track by the year end; and both of the Road Accident performance indicators (99a and 99b). These are marginally higher than the half year target but expected to be back on track by the year end. The percentage of footpaths (Rights of Way) easy to use is causing some concern, possibly because the target was too ambitious, and positive action may be required to address this. Although the tonnage of Waste recycled is below target the combined recycling and composting figure is within tolerances.

Employees

Careful management of staffing resources is currently on target to achieve the revised agreed savings in this budget and additional savings of £88,413 have been achieved due to a number of vacant posts throughout the service and the difficulty in recruiting and retaining School crossing patrol staff.

Premises

Although this budget was indicating an over spend it was related to the early programming of works and the additional costs of rates relating to the Park and Ride sites. This has been addressed as part of the November review of the overall budget.

Transport

Although Transport is currently showing an under spend of £29,479 this is primarily due to the delayed submission of invoices from contractors for maintenance costs.

Supplies and Services

Again the current under spend of £452,859 is due to late submission of invoices primarily for telecommunication systems, printing works and site maintenance works.

Agency and Contract

(i) Public Transport

A programme of cuts to services for Public Transport Contracts and Information was considered by Members in June to achieve savings of £900,000 in this area. The majority of these cuts were implemented at the end of July but the full implications are still being determined. The effects of this and the effects of inflation factors, at the rate of 4.5% for 2006/07, have now been addressed as part of the November budget review.

(ii) Strategic Alliance

The proposed introduction of 'in-house' procedures for programme management has been delayed. This will mean that the full saving of £80,000 will not be achieved in 2006/07. This has been addressed as part of the September review of the budget from the additional savings in the salaries budget.

(iii) Waste Disposal

The under spend of £569,483 is primarily due to delayed payments to the contractor for Contract Works, Landfill Tax and Kerbside collection services. However, it should be noted that the continued success of the permit scheme, and other measures, is reducing the amount of waste sent to landfill. This will provide funds to accommodate the increased costs associated with usage of the Aerobic Digesters at Thornley, increased recycling credits payable, and the disposal of television monitors.

Income – Fees and Charges

Income relating to energy (£365,000) and rental income (£321,000) for Waste Disposal for 2005/06 have also not yet been received, but in this case the contractor has now indicated that the final figures due to the County Council should only be £322,584 and £170,869 respectively. This will result in a deficit of £192,547 during the current financial year and it is likely that this will be addressed from savings in the landfill tax budget as more waste is driven away from landfill into recycling and also from an increase in rental income forecasts. The contractor has also now indicated that income will again fall well below anticipated levels for 2006/07 by £90,000 and £76,000 respectively. This has been partially addressed as part of the November review but will have to be continually monitored to ensure that the full level of income is being achieved.

In addition to this the Civil Engineering and Geotechnical Laboratory may not realise all the income that was originally anticipated. Some of this will be offset by corresponding reductions in expenditure and the projected shortfall of £60,000 in this trading area was addressed as part of the September review from additional income generated by other areas of the overall budget.

Income from Highways Adoptions (Section 38) has also fallen below the anticipated income and this is currently being investigated but likely to produce a shortfall of approximately £150,000 which has been partially offset by increased income in other highways related fees and charges.

Capital

Although orders have been placed for many of the programmed works on the Capital budgets, delayed submission of invoices is causing expenditure to fall below profile by £5,878,355. However, works have commenced recently on the West Auckland Bypass Stage 2 as well as the Pelton, Leadgate, Shotton Colliery, Horden, Sacriston Phase 2, and Grange Villa enhancement schemes which will help to redress the situation. In addition works have also now commenced on the Bessemer Park open space contaminated land project.

Summary

A full revision of the budget has been undertaken during November and all issues and pressures in the budget have been addressed. However, the situation regarding rental income and energy creation from waste disposal sites will have to be continually monitored to determine whether

the required levels of income can be achieved. The September review of the budget mainly reflected additional income generated or grants received such as the new Waste WRAP initiative, Accessibility Planning from ONE, and the Necklace Park initiative. A sum of £25,000 has been drawn down from specified contingencies for costs associated with the Planning process – Minerals and Waste Development Frameworks. Other notable variances include the transfer of Financial Management staff into the Service and Payroll staff to the Centre; the transfer of funds to Social Care and Health to support their 'Investors in Children' project, the redistribution of Waste Disposal resources to cater for the current demands on the Service.

At present, it is expected that the budget will be delivered within existing estimates. However, these estimates do not include provision for the appointment of consultants and accommodation works associated with the creation of the new Integrated Transport Unit.

CHIEF EXECUTIVE'S OFFICE

	Year to Date Budget	Year to Date Actual	Variance	Original Budget	Revisions	Revised Budget	Projected Outturn Position	Projected Over/Under Spend
	£	£	£	£	£	£	£	£
Employees								
- Pay	4,074,856	3,947,514	127,342	6,072,185	40,060	6,112,245	5,912,587	159,598
- NI	306,032	310,240	-4,208	447,086	11,970	459,056	443,444	3,642
- Pensions	741,944	658,823	83,121	1,091,818	21,110	1,112,928	1,034,708	57,110
- Other	107,785	273,837	-166,052	180,790	109,340	290,130	768,550	-587,760
Total Employees	5,230,617	5,190,414	40,203	7,791,879	182,480	7,974,359	8,159,289	-367,410
Premises (exc R&M)	126,842	43,257	83,585	181,380	0	181,380	181,380	0
Premises (R&M) - non target	1,759	3,668	-1,909	11,660	0	11,660	-3,340	15,000
Transport	99,417	124,521	-25,104	149,314	1,290	150,604	150,600	-1,286
Supplies & Services	4,110,974	4,261,295	-150,321	8,199,343	-312,260	7,887,083	7,887,080	312,263
Agency & Contracted	0	0	0	0	0	0	0	0
Purchase of Care	0	0	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0	0	0
Central Support - non target	0	0	0	1,304,370	206,990	1,511,360	1,511,360	-206,990
Revenue Contributions to Capital	0	0	0	0	0	0	0	0
Other	0	0	0	59,380	0	59,380	59,380	0
Capital Charges - non target								
- Depreciation	0	0	0	79,360	-4,980	74,380	74,380	4,980
- Interest	0	0	0	257,590	2,500	260,090	260,090	-2,500
Total Costs - Target	9,567,850	9,619,486	-51,636	16,381,296	-128,490	16,252,806	16,437,729	-56,433
Total Costs - Non Target	1,759	3,668	-1,909	1,652,980	204,510	1,857,490	1,842,490	-189,510
GROSS EXPENDITURE	9,569,609	9,623,154	-53,545	18,034,276	76,020	18,110,296	18,280,219	-245,943
Total Income	1,232,931	1,347,111	114,180	12,606,400	-525,050	12,081,350	12,158,350	-448,050
NET EXPENDITURE	8,336,678	8,276,043	60,635	5,427,876	601,070	6,028,946	6,121,869	-693,993
Capital	803,971	793,335	10,636	878,240	2,236,000	3,114,240	3,114,240	-2,236,000

CHIEF EXECUTIVE'S OFFICE

Executive Summary

To date the CEO has under spent by £60,635 in comparison to the profiled budget of £8,336,678 and the reasons for the main variances are highlighted below.

It is anticipated that there will be an over spend of £694,000 against original budget, (£108,000 against revised after transfers from contingencies and transfers to capital), due to redundancy and early retirement payments, however there is agreement to fund the net over spend from Reserves.

Employee Costs

The under spend of £40,200 is mainly due to an:

- under spend on direct employee costs of £206,255 to date as several posts in Customer Services have been left vacant in anticipation of the proposed staffing structure and 3 members of staff have been seconded to the Resourcelink Project;
- over spend on other employee costs of £166,052 due to redundancy/early retirement payments.

It is anticipated that actual spend on employee costs will exceed the original budget by £367,000 at the year end due to the impact of redundancies/early retirements. The net over spend compared to revised budget is estimated at £185,000 and this will be funded from Reserves.

Premises

The apparent under spend is due to the timing of the rental payment for the unit in Tanfield which will soon become DCC's new computer suite.

Supplies and Services

The apparent net over spend is mainly due to the following variances:

- An over spend due to payment of £1,120,060 to the CDDC, being half of our annual contribution, for which there is no profiled budget to date. The budget profile has now been rectified.

- Incentives to Industrialists under spend of £297,870, due to a sundry creditor provision made at the end of 2005/6 for which there is no corresponding budget in 2006/7. It is anticipated that all of the grants will be taken up during the year and therefore will have a net nil effect on the budget position at the year end.
 - Customer Services under spend of £490,000, due to delays in project initiation and timing of invoice payments.
 - Design & Print Services under spend of £117,140, due to the timing of invoice payments.
- It is anticipated that actual expenditure on supplies and services will be £312,000 lower than original budget at the year end, due to transfers from contingencies and to capital, but will be in line with the revised budget.

Central Support

Central Support charges to CEO have increased by £207,000 from original to revised budget, £77,000 of which will be recovered through an increase in ICT recharges to Services.

Income

There is an apparent under-recovery of income due to the timing of raising invoices; actual income for the year is expected to be £448,000 lower than original budget, but in line with the revised budget.

Capital

Progress on the programme for replacing IT equipment has been slower than anticipated to date, resulting in an under spend of £382,647. There is an over spend of £375,670 on the cost of infrastructure work on industrial estates due to the schemes having been brought forward from 2005/6; budget is yet to be carried forward from 2005/6 to fund this expenditure.

FINANCE

	Year to Date Budget	Year to Date Actual	Variance	Original Budget	Revisions	Revised Budget	Projected Outturn Position	Projected Over/Under Spend
	£	£	£	£	£	£	£	£
Employees								
- Pay	2,370,600	2,369,826	774	3,478,096	77,800	3,555,896	3,533,973	-55,877
- NI	179,416	177,988	1,428	262,600	6,500	269,100	264,138	-1,538
- Pensions	428,320	407,962	20,358	627,488	15,000	642,488	622,143	5,345
- Other	909,796	872,640	37,156	1,340,038	194,970	1,535,008	1,442,828	-102,790
Total Employees	3,888,132	3,828,416	59,716	5,708,222	294,270	6,002,492	5,863,082	-154,860
Premises (exc R&M)	38,230	38,724	-494	38,230	0	38,230	38,700	-470
Premises (R&M)	420	2,216	-1,796	720	0	720	720	0
Transport	10,005	11,862	-1,857	16,374	0	16,374	16,374	0
Supplies & Services	578,652	641,875	-63,223	837,524	0	837,524	897,550	-60,026
Agency & Contracted	339,100	289,286	49,814	395,540	0	395,540	395,540	0
Purchase of Care	0	0	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0	0	0
Central Support - non target	0	0	0	1,178,870	5,900	1,184,770	1,184,500	-5,630
Revenue Contributions to Capital	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Capital Charges - non target								
- Depreciation	0	0	0	0	0	0	0	0
- Interest	0	0	0	0	0	0	0	0
Total Costs - Target	4,854,119	4,810,162	43,957	6,995,890	294,270	7,290,160	7,211,246	-215,356
Total Costs - Non Target	420	2,216	-1,796	1,179,590	5,900	1,185,490	1,185,220	-5,630
GROSS EXPENDITURE	4,854,539	4,812,378	42,161	8,175,480	300,170	8,475,650	8,396,466	-220,986
Total Income	230,318	1,275,579	1,045,261	7,447,090	297,030	7,744,120	7,645,610	198,520
NET EXPENDITURE	4,624,221	3,536,799	1,087,422	728,390	3,140	731,530	750,856	-22,466
Capital	404,332	723,301	-318,969	782,400	23,000	805,400	782,400	0

FINANCE

Executive Summary

The County Treasurer has under spent to date by £1,153,362 in comparison to the profiled budget. It is anticipated that the actual net income balance will be £44,000 higher than original budget at the year end.

Employees

This under spend is mainly due to the secondment of staff to the Resourcelink project and non-filling of vacant posts. It is expected that actual spend will be £52,000 higher than original budget at the year end, although funding has been allocated from contingencies to fund a post in relation to LAA projects.

Income

This apparent over-achievement is due to a timing difference. Actual income should be in line with revised budget at the year end (£101,670 higher than original).

Capital

This variance is due to payments being made for the implementation of the new ERP system for which budget provision has been made in future years.

Finance Services - Other

Executive Summary

The net expenditure to date is more than the latest profiled budget by £65,940; details of the main reasons for this over spend are given below.

It is anticipated that there will be an over spend of £66,000 in comparison to original budget at the year end.

Employees

This over spend is due to a timing difference on Unfunded Superannuation costs. An anticipated over spend of £102,790 against original estimate is forecast.

This is mainly the result of increases in the numbers and amounts of enhancements to retirement grants and the consequential increase in enhancements to individual pensions.

Supplies and Services

This over spend is mainly due to additional Election Expenses covering the 05/06 balances due to the Districts and the need to finance by-elections so far this year. An estimated over spend of £60,000 is forecast for 06/07.

Income

Whilst no variance is currently shown, an additional £96,850 is forecast to be recharged to other Services at the year end in respect of increased costs of unfunded superannuation costs as noted above.

CORPORATE SERVICES

	Year to Date Budget	Year to Date Actual	Variance	Original Budget	Revisions	Revised Budget	Projected Outturn Position	Projected Over/Under Spend
	£	£	£	£	£	£	£	£
Employees								
- Pay	6,221,800	5,911,690	310,110	9,340,785	-8,080	9,332,705	8,866,780	474,005
- NI	481,688	459,949	21,739	721,403	1,130	722,533	688,780	32,623
- Pensions	1,062,488	968,708	93,780	1,589,668	4,050	1,593,718	1,454,530	135,138
- Other	187,001	482,694	-295,693	472,288	13,760	486,048	910,340	-438,052
Total Employees	7,952,977	7,823,041	129,936	12,124,144	10,860	12,124,144	11,920,430	203,714
Premises (exc R&M)	1,694,426	1,390,304	304,122	2,476,020	74,170	2,550,190	2,710,310	-234,290
Premises (R&M) - non target	892,629	723,005	169,624	1,481,160	-15,000	1,466,160	1,468,160	13,000
Transport	197,969	222,976	-25,007	328,554	-3,430	325,124	325,650	2,904
Supplies & Services	2,095,767	2,182,960	-87,193	3,313,609	139,870	3,453,479	3,730,160	-416,551
Agency & Contracted	350,000	40,694	309,306	600,000	0	600,000	250,000	350,000
Purchase of Care	0	0	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0	0	0
Central Support - non target	0	0	0	6,799,880	244,960	7,044,840	7,050,520	-250,640
Revenue Contributions to Capital	0	0	0	0	0	0	0	0
Other	0	50,274	-50,274	97,230	0	97,230	91,550	5,680
Capital Charges - non target								
- Depreciation	0	0	0	558,850	7,110	565,960	565,960	-7,110
- Interest	0	0	0	949,850	-32,920	916,930	916,930	32,920
Total Costs - Target	12,291,139	11,710,249	580,890	18,939,557	221,470	18,939,557	19,028,100	-88,543
Total Costs - Non Target	892,629	723,005	169,624	9,789,740	204,150	9,789,740	10,001,570	-211,830
GROSS EXPENDITURE	13,183,768	12,433,254	750,514	28,729,297	425,620	29,144,057	29,029,670	-300,373
Total Income	4,853,323	4,335,395	-517,928	21,511,350	-73,850	21,437,500	21,293,620	-217,730
NET EXPENDITURE	8,330,445	8,097,859	232,586	7,217,947	499,470	7,706,557	7,736,050	-518,103
Capital	107,001	352,774	-245,773	2,098,670	1,260,150	3,358,820	3,358,820	-1,260,150

CORPORATE SERVICES

Overall Summary

The overall Corporate Services expenditure 06/07 is expected to exceed original budget by £518,000. The reasons for this over spend are detailed below under the separate headings of Corporate Services and Corporate Services-Other.

Corporate Services

Executive Summary

To date Corporate Services has under spent against profiled budget by £378,221; the main reasons for the variances are set out below.

At this stage it is anticipated that revenue outturn will exceed original budget by approximately £146,000, which is £160,000 less than revised budget.

Employees

There has been a saving of £507,114 on direct employee costs to date due to the delay in filling vacant posts and difficulty in filling several posts. This has partly been offset with the cost of employing agency staff.

Premises (excluding R&M)

This apparent under spend is due to undercharging by the City Council for the rates on County Hall which has since been rectified. It is anticipated that there will be an over spend of £233,790 against original budget due to increases in the costs of cleaning (due to 'Equal Pay'), room hire and water rates. £74,170 has been transferred out of contingencies for increased energy costs which reduces the anticipated over spend against revised budget to £160,000.

Premises

This under spend is due to a timing difference on repairs and maintenance payments and actual expenditure is expected to be in line with budget at the year end.

Supplies and Services

Expenditure on supplies and services is broadly in line with budget to date. However the total projected over spend in comparison to the original budget is £352,000, but £147,000 has been transferred from earmarked Reserves for the cost of surveys, thus reducing the anticipated over spend against revised budget. This is mainly due to unexpected legal costs of £55,000 and a further £55,000 which must be paid for external legal work regarding Job Evaluation.

Agency and Contracted

The under spend is the result of the lower than anticipated capital commissions being placed with Design Services which offsets the under-achievement of income. An under spend of £350,000 is expected at the year end.

Income

The apparent under-achievement is due to:

- the timing of raising of invoices, and
- Design Services capital commissions being lower than expected, which is partly offset by a reduction in Agency and Contracted expenditure.

It is expected that there will be an underachievement of income against original budget of £254,000 at the year end, however £147,000 has been transferred from earmarked Reserves to partially offset this (in line with the increase in supplies and services).

Capital

- a) Admin Buildings are over spent by £105,242 which is due to work carried out as part of the Disability Discrimination Act.
- b) County Farms, Waste Disposal and Property Management have apparently over spent to date. This expenditure is now regarded as recurring, non specific for which there were no original budget allocations in 2006/07. Additional funds have just been transferred from “unallocated resources” to cover this expenditure.

Corporate Services-Other

Executive Summary

Actual net expenditure to date exceeds the profiled budget by £145,635, and details of the main reasons for this over spend are provided below.

There is an anticipated over spend within Corporate Services–Other Services of £372,000 compared to original budget.

Employees

This over spend is mainly due to the provision of temporary cover for registrars who are currently on long-term sick or maternity leave, extra payments made for marriages at approved premises, citizenship and civil partnership ceremonies for out of contract working and payments made to the Coroner for which there is no budget provision. An over spend of £149,000 is therefore anticipated against original budget.

Supplies and Services

The over spend is mainly due to higher than expected payments for medical fees and mortuary charges within the Coroners Service and timing differences within Democratic Representation. The Audit Fee will also cost £22,000 more than anticipated and therefore it is anticipated that actual costs at the year end will exceed the original budget by £65,000.

Central Support

It is estimated that the recharges from other services to Corporate and Democratic Core at the year end will exceed the original budget by £186,000. The budget has been revised to reflect the revised level of recharges.

Income

This is mainly due to additional income from an increase in marriages at approved premises, citizen and civil partnership ceremonies and an increase in the sale of copy certificates which partly offsets the increased employee costs. The latest forecast suggests that actual income at the year end will exceed the original budget by £36,000.

Capital

Originally there was a budget of £25,670 included for the replacement of members' vehicles but this is no longer required.

Appendix 6: Annual Efficiency Statement

Progress to Date

The Government expects local authorities to make efficiency gains of 2.5% in each of the 3 years from 2005/06 to 2007/08. For Local Government as a whole this equates to £6.45bn. It is intended that at least 50% of the efficiency gains are cashable. The base figure for efficiency gains uses the budget figure for 2004/5 submitted to Government. The process specifically excludes the delegated schools budget.

The County Council is planning to achieve its target of achieving £21.54m of efficiency gains by 2007/08. The following table identifies the County Council's current position in relation to progress towards this target.

Year	Forward Look (Projected)	Mid Year	Backward Look (Achieved)	Cumulative Efficiencies)
	£m	£m	£m	£m
2004/05	5.03	na	6.62	6.62
2005/06	6.31	2.75	5.58	12.20
2006/07	8.16	3.38	7.49(est)	19.69(est)

The Annual Efficiency Statement – Mid Year Statement shows efficiency gains of £3.38m achieved to the end of September, with expected efficiencies of £7.49m by the year end, a difference of £0.67m to the original target of £8.16m. By the end of 2006/07 the Authority is forecasting to have achieved a cumulative efficiency gain of £19.69m against a projected gain of £20.36m and is therefore on track to achieve its efficiency target of £21.54m by March 2008.

Appendix 7: Debtors

Following investigation work carried out into the debt position of the Authority, a Project manager was appointed on the 9th October to oversee and co-ordinate the time limited 'Income a Debt management Project' which aims to:

Reduce all recorded ledger debt prior to April 2006 to zero (excluding debt being repaid via agreed instalments)

Ensure all outstanding recorded debt is managed and recovered effectively to ensure current unacceptable levels of outstanding debt do not reoccur

Since the appointed of the Project Manager, the level of outstanding pre-April 2006 debt has reduced by £537,987 from £4,033,927 to £3,495,990. An analysis of the reduction is shown below:

Recovered	£366,624
Cancelled	£104,977
Written Off	£66,386
Total	£537,987

An analysis of the £3,495,990 debt that remains outstanding is provided below:

Appendix 7: Debtors

	06-12-06 Bal. O/S	Pre 2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Disputed - Ongoing Correspondence with Debtor	663,285	147	12,479	191,602	52,097	93,185	45,258	268,517
Payment By Instalment	155,816	55,007	4,556	15,864	10,965	7,259	9,256	52,908
Legal action being pursued	285,267	1,829	529	14,707	16,523	18,328	27,626	205,724
Hitachi - Debtor Collection Agency	16,312	0	0	2,256	3,962	2,141	1,493	6,459
Previously Disputed invoices Now being actively pursued	68,222	1,193	203	16,594	18,894	10,405	1,652	19,281
Actively Pursued by Finance Staff	2,069,686	0	13,889	61,523	118,806	294,665	633,875	946,929
Debt Pursued directly By Service Direct -	198,243	-3,294	-1,926	3,830	693	1,419	14,481	183,040
Debt Outstanding with Schools	23,589	0	0	0	0	0	0	23,589
Other Debt	15,521	246	495	298	1,224	3,043	2,916	7,298
Total	3,495,940	55,129	30,224	306,674	223,165	430,445	736,557	1,713,746

Appendix 7: Debtors

Details of amounts outstanding from debt raised in the current year (post-April 2006) are as follows:

Month Invoice Raised	Balance Outstanding (£)
April	627,159
May	216,162
June	437,630
July	547,333
August	7,580,775
September	2,840,962
October	1,472,884
November	5,563,320
December	2,841,561
Total	22,127,786

Between July and September, accounts to the value of £19.8m were rendered by Adult Services on Primary Care Trusts. This represents a change in policy as in previous years accounts were not rendered in respect of Free Nursing Care and Earls House provision.

To date £10.2m of the £19.8m debt has been recovered, leaving a balance of £9.6m outstanding. Since the end of November an additional payment of £4.4m has also been received in respect of these accounts, which will reduce the balance further to £5.2m.

Appendix 8: Prudential Code and Treasury Management Indicators

Prudential Indicators

The Prudential Code is designed to guide the Council's decision on what it can afford to borrow. 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.

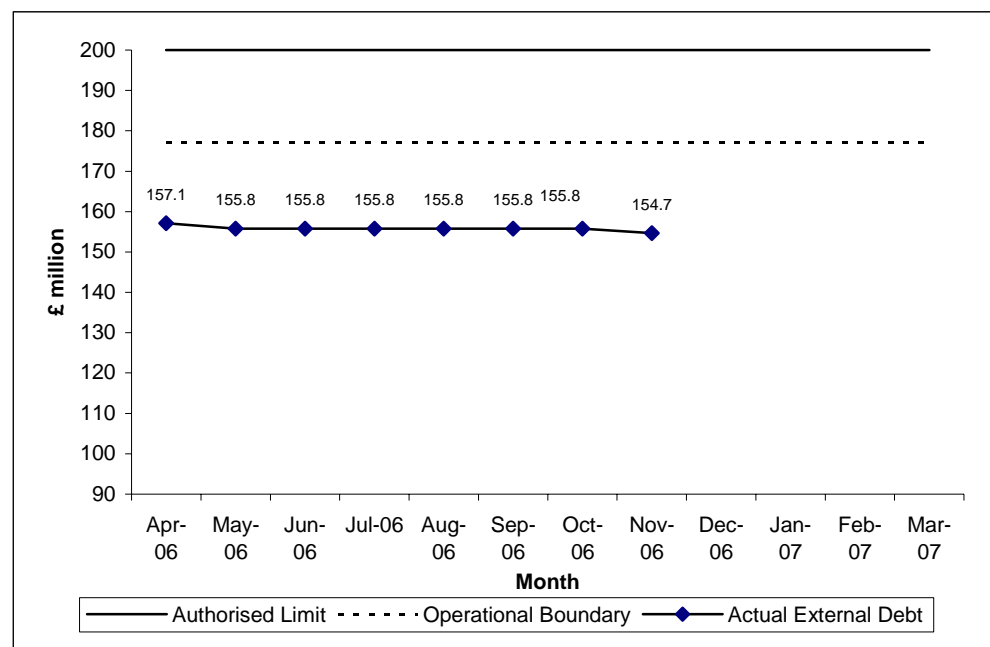
The key objectives of the Prudential Code are to ensure that within a clear framework the capital investment plans of the Council are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability.

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 and monitor. The Prudential Indicators for the coming financial year and the two subsequent years are set out annually in the Budget Book.

External Debt

A key indicator for in-year monitoring is the Operational Boundary (an indicator of affordability). The chart below compares actual external debt in 2006/07 to 30 November 2006 with the Authorised Limit and Operational Boundary and shows that debt is within the limits set by the Council:

Appendix 8: Prudential Code and Treasury Management Indicators



The Authorised Limit represents the maximum limit of total external debt, gross of investments. 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 additional headroom included in the Authorised Limit.

Public Works Loan Board (PWLB) debt constitutes the majority of external debt. The main PWLB repayment dates are in May and November. Therefore between these months the total level of debt remains relatively stable.

Treasury Management Indicators

The Council has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. Interest rate exposures remain within the limits set out in the 2006/07 Budget Book.

Appendix 8: Prudential Code and Treasury Management Indicators

Treasury Management Activities– Short Term Investments
Background

Following a year in which the Bank of England base rate remained static at 4.50%, the rate has increased twice, to 4.75% on 3 August 2006 and to 5.00% on 9 November 2006. A further 0.25% increase in early 2007 is widely anticipated by the market.

Quarterly Performance

	2005/06	2006/07			
	Quarter 4	Quarter 1	Quarter 2	Quarter 3 to 30/11/06	Cumulative 2006/07
Interest Earned*	£784,425	£1,021,890	£1,032,514	£724,436	£2,778,840
Average Return Earned	4.505%	4.546%	4.736%	4.736%	4.666%
Average Bank of England base rate	4.500%	4.500%	4.658%	4.836%	4.643%
Balance Invested at Quarter End	£70,279,000	£69,075,000	£75,468,000	£59,969,000	£59,969,000
Average Daily Balance of Investments	£71,011,000	£90,291,000	£86,705,000	£91,587,000	£89,263,000

**Interest earned is before year-end adjustments including payment of interest on school balances.*

Appendix 8: Prudential Code and Treasury Management Indicators

Breaches of Investment Limits

Cash flow forecasts are used to ensure that the Council always has sufficient funds available to meet its liabilities.

In order to minimise risk, the Council's internal Treasury Management policy imposes a limit of £5m to £15m (depending on the status of the counterparty) that can be invested with any single financial institution at a time (£3m limit with another local authority). However, higher investments for operational reasons can be made with the authorisation of the County Treasurer. In Quarter 3 to 30 November 2006, the limit was not breached.

Appendix 9: Sickness Absence by Service

SERVICE	1 October 2006 - 31 December 2006		
	FTE	Days Lost	Total Days Lost / FTE
Adult and Community Services	2,364.70	9,600.40	4.06
Chief Executive's Office	212.00	689.00	3.25
Children and Young People's Services	10,034.82	27,853.59	2.78
Corporate Services	342.05	810.00	2.37
County Treasurer	148.00	458.00	3.09
Environment	459.40	860.00	1.87
Service Direct	876.00	2,912.00	3.32
Council	14,436.97	43,182.99	2.99

Appendix 10: Complaints & Compliments by Service & Type

1 April 2006 – 30 November 2006

Service	Complaints Received	Average time taken to acknowledge receipt (working days)	Average time taken to give full response/ progress report (working days)	Satisfied as to how complaint has been handled	Not pursued further by complainant	Still under investigation	Referral to Stage 2 complaint	Referral to Stage 3 complaint	Compliments Received
A & CS – Culture and Leisure	2	1	2	1	-	1	-	-	13
Social Care and Health	34	2	13	9	4	21	-	-	78
C & YPS – Education									
Social Care and Health	13	1	9	1	2	10	-	-	4
Chief Executives Office	-	-	-	-	-	-	-	-	
Corporate Services	7	4	5	2	5	-	-	-	46
Environment	8	2	8	2	5	-	1	-	23
Service Direct	9	3	13	2	7	-	-	-	17
Treasurer	-	-	-	-	-	-	-	-	
TOTALS	73	2	11	17	23	32	1	-	195

- **NB. The June figure for compliments did not include data from SSID and is therefore inaccurate for trend purposes.**

