

**Audit Committee**

**28 July 2011**



**2010/11 Final Outturn for General Fund  
and Housing Revenue Account**

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**Don McLure, Corporate Director Resources**

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- 1 The attached report is to provide Members with details of the Final Outturn for both the General Fund and the Housing Revenue Account (HRA) for 2010/11 including an Annual Treasury Management Report. The report considers both Revenue and Capital.
- 2 Members are asked to note the contents of the report.

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**Cabinet**

**13 July 2011**

**2010/11 Final Outturn for General Fund  
and Housing Revenue Account**



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## **Report of Corporate Management Team**

**Don McLure, Corporate Director Resources**

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### **Purpose of the Report**

- 2 To provide Cabinet with details of the Final Outturn for both the General Fund and the Housing Revenue Account (HRA) for 2010/11 including an Annual Treasury Management Report. The report will consider both Revenue and Capital.

### **Background**

- 3 The County Council faced a major challenge with our 2010/11 budget when on 10 June 2010 'in year' Government Grant reductions of £18m for Durham were announced in the Government's 'Emergency' Budget.
- 4 2010/11 also saw the introduction of Cash Limits for Service Groupings. This report provides detail of the outturn for Service Grouping Cash Limits.

### **General Fund Outturn**

- 5 This section of the report shows the following:
- (i) Cash Limit Outturn for Service Groupings;
  - (ii) Overall Revenue Outturn for the General Fund with summarised Service Grouping commentary;
  - (iii) Overall Capital Outturn of the General Fund with summarised Service Grouping commentary;

### **Cash Limit Outturn**

- 6 The overall outturn for the County Council is detailed in Appendix 2. The Appendix details how the Cash Limit Outturn for each Service Grouping is calculated. Three key elements must be excluded from the Service Grouping Outturn to calculate the Cash Limit Outturn as detailed overleaf:

(i) Sums Outside the Cash Limit

Expenditure and Income can be excluded from the Cash Limit for a number of reasons. Some of these are detailed below:

- Items not controlled by the Service Groupings e.g. Capital Charges, Central Administration Recharges and items relating to International Financial Reporting Standards (IFRS) .
- Expenditure pressures which were not accounted for in base budget build e.g. exceptional winter maintenance costs in Neighbourhoods and Building Schools for the Future (BSF) abortive costs in Children's and Young People Service Grouping.
- LGR Pension Augmentation Costs – originally these costs were to be spread over a five-year period. The 2011/12 County Council Budget Report to County Council on 23 February 2011 identified that it could be prudent if all of these costs were paid in 2010/11.

(ii) LGR Transition Costs

The 2010/11 budget identified a range of continuing LGR Transition costs which would be met from General Reserve.

(iii) Use of or Contribution to Earmarked Reserves

Service Groupings will have either utilised or contributed to Earmarked Reserves throughout the year, which need to be outside the calculation of the Cash Limit.

7 After taking into account the above exclusions, all Service Groupings have generated a Cash Limit underspend in 2010/11. It should be noted that the Adults, Wellbeing and Health figure is inflated by the receipt of PCT income in February 2011 of £1.92m. This sum is fully committed against activity in 2011/12 and onwards.

8 The Cash Limit underspend for each Service Grouping is detailed below:

	<b>£m</b>
Assistant Chief Executive	0.89
Adults, Wellbeing & Health	5.42
Children & Young People's Service	1.25
Neighbourhood Services	1.29
Regeneration & Economic Development Resources	2.39
	0.88
<b>TOTAL</b>	<b>12.12</b>

## Revenue Outturn

- 9 Appendix 2 provides a detailed Outturn position for the County Council General Fund by Service Grouping. In addition, Appendix 3 provides a detailed Outturn position for the County Council by type of expenditure and income. The table below provides a summary of the Final Outturn position:

Net Operating Expenditure	<b>£m</b>	<b>£m</b>
		441.93
Financed by:		
Redistributed Non-Domestic Rates	202.01	
Revenue Support Grant	29.33	
Council Tax	198.81	
Net Surplus on Collection Fund	1.93	
Net Use of Earmarked Reserves	0.17	
Use of General Reserves	9.68	
<b>TOTAL FINANCING</b>		<b>441.93</b>

- 10 The final Outturn position for General Reserve is detailed below:

	<b>£m</b>
Opening Balance as at 1 April 2010	28.54
Less	
Restatement of opening balance due to IFRS	(1.56)
Use of General Reserve in 2010/11	(9.68)
<b>Closing General Reserve Balance as at 31 March 2011</b>	<b>17.30</b>

- 11 The County Council's current General Reserve policy is to maintain balances at between 3% - 4% (£13m - £17m) of the Net Budget requirement.
- 12 The Original Budget identified that General Reserves of £3.7m would be utilised during 2010/11 as follows:

	<b>£m</b>
LGR Pension Augmentation	2.5
LGR Transition Costs	1.2
<b>Total Use of General Reserve</b>	<b>3.7</b>

- 13 Examples of why the Use of General Reserve has increased are detailed overleaf:

- Paying all LGR Pension Augmentation costs in 2010/11 – an additional £6.8m.
- Additional costs of winter maintenance over the base budget provision – an additional £1.5m.
- Abortive costs relating to the withdrawal of the BSF Programme - £0.3m.
- LGR Transition costs were higher than originally budgeted - £0.5m.
- Housing Benefit Subsidy Repayment – a sum of £1.2m is estimated to have to be repaid to the Department for Works and Pensions relating to errors identified in the Housing Benefit Subsidy claim for some of the former District Councils in 2008/09.

14 The final outturn for Earmarked Reserves is detailed below with fuller detail provided at Appendix 4. School Balances are shown separately. The net use of earmarked reserves detailed below differs from the sum in the table at paragraph 8 as the table below excludes the creation of an Earmarked Reserve for the 2010/11 Cash Limit underspends detailed at paragraph 7;

	<b>Non-Schools</b>	<b>Schools</b>	<b>TOTAL</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Opening Earmarked Balance as at 1 April 2010	81.30	13.84	95.14
Less			
Net (use of) / contribution to Earmarked Reserve	(18.75)	6.45	(12.30)
<b>Closing Earmarked Reserve Balance as at 31 March 2011</b>	<b>62.55</b>	<b>20.29</b>	<b>82.84</b>

### **Service Grouping Commentary**

15 A summary from each Service Grouping Outturn follows. More detailed Outturn reports will be provided to Overview and Scrutiny Committees.

### **Assistant Chief Executive Service Grouping (ACE)**

16 The final 2010/11 Revenue Outturn position for ACE is an underspend against Cash Limit of £0.89m. The key sums outside the Cash Limit for ACE are as follows:

- £0.14m Repair and Maintenance and Design Service Recharge costs incurred.
- £0.79m Additional Pension Augmentation and Adjustment for IFRS accumulated Balance Adjustment.

- £2.72m Additional charge relating to Central Admin Charges.
- £1.21m Over recovery relating to Central Services – Income.
- £0.12m Additional Capital Charges.

Transfer to Earmarked Reserves

- £1.30m Member Initiative Fund (MIF) and Neighbourhood Budget
- £1.10m Area Action Partnership (AAP) contribution Budgets.

17 The Cash Limit underspend of £0.85m is mainly due to the conscious decision to maintain vacancies (to allow for flexibility going forward) and to actively seek additional external funding. The key reasons contributing to the Cash Limit underspend are as follows:

- A managed net reduction of £0.64m on employee costs;
- Accessing of additional income of £0.33m.
- Savings on Transport and Transfer payments of £0.12m.

Partially offset by:

- Increased supplies and services expenditure totalling £0.16m required by and funded from additional external grant income achieved by Managers.

### **Adults Wellbeing and Health Service Grouping (AWH)**

17 The final 2010/11 revenue outturn position for Adults, Wellbeing and Health is an underspend against cash limit budgets of £5.42m. This represents a variation of 2.77% against the net revenue budget for the service of £193.2m.

18 The service has continually targeted a planned underspend throughout 2010/11 in recognition of the Medium Term Financial Planning position and to assist in the management of the significant demographic pressures facing the service over the MTFP period.

19 Key variations against budget are as follows:

- Through the careful management and control of vacant posts and general budgets across the service, an underspend of £2.6m has been achieved. This approach has ensured that the planned underspend for the service was achieved as targeted and also created opportunities for achieving restructures and service rationalisation required whilst minimising the impact of such changes on existing employees and services.
- The proactive approach to the management of the approved closure of the seven residential care homes and the introduction of the new reablement service, created additional employee savings of £1.5m. In addition to generating savings in 2010/11, this proactive approach also

ensured that the 2011/12 MTFP savings in relation to these services will also be fully achieved.

- Additional committed spend in relation to the Supporting People programme of £2.2m has been undertaken as a result of the carry forward of unspent grant from 2009/10 and additional contributions from partners.
- Additional initiatives and projects in Social Inclusion (£0.68m), in respect of Preventative Technology (£0.21m), in Libraries and Learning (£0.15m) and in Museums and Arts (£0.53m) have been possible due to the successful sourcing of additional grants and contributions. Additional grant and contributions of £0.47m has also been received in respect of the Carers Service.
- The net spend on adult services care packages, after taking into account partner contributions and contributions from service users, was largely on budget. It should be noted however that this has been achieved through a closely managed process through carefully managed care packages in relation to the consistent application of the existing eligibility criteria.
- Ringfenced Social Care Reform Grant of £2.79m and related budget underspends of £1.3m have been identified to be carried forward into 2011/12 to meet delivery requirements and double-running costs associated with the full implementation of Adult Care personalisation.
- The government allocated additional funding to PCT's late in 2010/11 financial year to support winter pressures and improve reablement services. Following negotiation with the PCT, it was agreed that the additional winter pressures allocation of £1.92m be fully transferred to the Council and be utilised to fund existing spend and pressures within 2010/11. This has allowed equivalent resources to be carried forward in the service cash limit to cover demographic pressures and develop further preventative services in 2011/12 and 2012/13. Funding of £0.19m was also successfully bid for in respect of developing reablement services.
- A provision for the potential loss of income had been created in the previous financial year in relation to a legal action against a specific adult care charging policy. Through a successful legal defence against the case it was possible to return the earmarked cost provision of £0.5m to the revenue account.

### **Children and Young Peoples Service Grouping (CYPS)**

- 20 The final 2010/11 Revenue Outturn position for CYPS is an underspend against Cash Limit of £1.25m.
- 21 Throughout the year, reference was made to the need for CYPS to manage an in year cut to Area Based Grant of £2.76m, additional specific grant reductions and the continuing pressures on Safeguarding and Specialist



Services. Budgets were reduced at Quarter Two and future budget monitoring reports reflected the grant loss.

- 22 By 31 March 2011, the anticipated outturn position is largely as predicted. Spending on transport budgets was around £0.4m above budget and pressures on foster placements, legal fees and contact visits exceeded budget by over £2m. To counter these overspends, Service Managers continued to limit spend on all aspects of their budgets, staff slippage in some areas was significant and the service also made use of 'one off' reserves and deployed grant funding to best effect.
- 23 Abortive preparation and development costs in relation to Wave 6 of the BSF programme that had been planned for County Durham, impacted on the Council's revenue budget, as some of the BSF capital projects will not be proceeding. The revenue pressure outside the CYPS cash limit for 2010/2011 was £0.28m.
- 24 From January 2011, Private Finance Initiative (PFI) unitary charges were due for 3 new schools. This has increased expenditure and income by around £2m, but will have a net nil effect on the 2010/2011 revenue budget, as the cost is covered by a mix of grants and school contributions. However, as part of this expenditure relates to capital financing, then £40k appears in the accounts as an underspend (outside the cash limit) and has been balanced as part of the Council's final year end accounts process.
- 25 By 31 March 2011, a high volume of redundancy payments were actioned, linked to either savings or grant loss referred to in the Medium Term Financial Plan. £1.05m was set against Corporate contingencies as part of the year end accounting process.
- 26 School balances have increased during 2010/11 from £13.84m to £20.29m which includes £0.64m of unspent grants. Schools make their own spending decisions against their delegated budget and in this uncertain climate as to future school funding levels, schools quite naturally are taking the opportunity to carry forward a buffer against future commitments. In 2010/11, the authority also released the balance of equal pay/job evaluation monies being held up to the initial settlement date of 31 December 2008 (£2.8m) and many schools are still carrying forward such monies in case of potential disproportionate effects on their budgets when Job Evaluation is eventually settled.
- 27 The DfE introduced a scheme for the 'Capping of Balances' in 2007/08 which was agreed by the Schools Forum. This agreed a scheme for monitoring balances at the end of the Financial Year which allows schools to carry forward the greater of 8% of their budget or £30,000 for Primary Schools and 5% of their budget or £30,000 for Secondary Schools. Any sums in excess of this require a Capping of Balances Return to be completed by schools with a case for this to be carried forward (an allowable commitment) - this is monitored by the School Funding Team in the following financial year. The Schools Forum has the power to claw back any excess balance where the commitment does not materialise.

## **Neighbourhood Services Service Grouping**

28 The final 2010/11 Revenue Outturn position for Neighbourhood Services was an underspend against Cash Limit of £1.29m. The main reasons for this net underspend are as follows:

- An underspend on Employees across the service of £3.1m after adjusting for MTFP related redundancy costs of £1.1m that were met from the Strategic Reserve. This saving is the result of the management of vacant posts, along with savings on the budgeted pay award that did not materialise. Many of these posts have subsequently been deleted from the budgets in 2011/12.
- Additional income of £0.5m from the Dry Waste recycling Contract
- A saving on Training & Supplies and Services budgets across the service amounting to £0.5m
- An increase of £0.15m in the provision for Bad Debts
- An income shortfall of approximately £1.2m mainly due to reduced income associated with licensing, markets, car parks, and highways related income from developers
- A deficit on Building Services Construction and Repairs of £1.2m, due to reduced workload income.
- An overspend on Winter Maintenance of £1.5m following the period of severe weather towards the end of 2010. This was agreed by Cabinet as being outside of the cash limit.

## **Regeneration and Economic Development (RED)**

29 The final 2010/11 Revenue Outturn position for RED was an underspend against Cash Limit of £2.39m. The major variations are as follows:

- A £1.1m underspend in Economic Development relating in the main to a £0.23m underspend on staffing, a £0.43m underspend on economic and regeneration initiatives and a £0.17m underspend on supplies and services budgets.
- A £0.41m underspend in Planning relating in the main to £0.12m underspend in staffing, a £0.17m underspend in grant expenditure and a £0.21m underspend on transport / running expenses budgets.
- A £0.46m underspend in Housing relating in the main to a £0.36m underspend on staffing budgets.

## **Resources Service Grouping**

30 The final 2010/11 Revenue Outturn position for Resources was an underspend against Cash Limit of £0.87m. The major variations are detailed overleaf:

- Underspend on direct staff costs due to vacancies - £0.72m.
- Software licence savings linked to rationalisation after LGR of £0.24m.
- Reductions in employee travelling expenses and car allowances saved £0.13m.
- Savings are offset by a £0.55m overspend in premises costs due to the non-realisation of LGR accommodation savings.

31 The following budgets are held centrally.

### **Interest Payable and Similar Charges**

32 The Revenue Summary at Appendix 2 highlights a £7.56m overspend against this budget due to the decision to fund £7.3m of capital expenditure direct from revenue budgets. There is also a £2.3m accounting adjustment due to the revised accounting treatment of leases. Excluding these two items, the remaining budget is £2.1m underspent resulting from the reprofiling of the Capital programme and prudent decisions to delay borrowing.

### **Interest and Investment Income**

33 Higher cash balances than forecast have resulted in over achieved investment income when compared to budget of £0.25m.

### **2010/11 Capital Outturn**

34 The General Fund Capital Budget for 2010/11 was set at £128.03m and was approved by Cabinet on 26 February 2010. Slippage from the 2009/10 Capital programme was approved by Cabinet on 22 September 2010 amounting to £128.47m.

35 Since the approval of the 2010/11 Capital programme, the Government also announced reductions in Capital Grants amounting to £4.41m.

36 Service Groupings reviewed and revised the profile of the Capital programme throughout the year. Requests for budget revisions were reviewed by the Capital Member Officer Working Group (MOWG) throughout the year and reported to Cabinet as part of the quarterly forecast of Outturn reports. The Revised Capital Budget for the Council's General Fund for 2010/11 was £155.60m.

37 The table overleaf provides a Service Grouping breakdown of Capital Outturn with full detail included at Appendix 5. The table also details the request for slippage.

	<b>Revised 2010/11 Budget</b>	<b>2010/11 Outturn</b>	<b>Variance</b>		<b>Slippage Request</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	<b>£m</b>
ACE	1.46	0.01	(1.45)	(100.0)	1.18
AWH	1.75	1.74	(0.01)	0	0.64
CYPS	64.10	52.67	(11.44)	(17.8)	11.70
NS	29.66	23.63	(6.03)	(20.3)	7.25
RED	49.22	36.38	(12.83)	(26.1)	12.88
Resources	9.41	5.79	(3.62)	(38.5)	3.64
<b>TOTAL</b>	<b>155.60</b>	<b>120.22</b>	<b>(35.38)</b>	<b>(22.7)</b>	<b>37.29</b>

38 The Capital Programme is financed via grants, capital receipts, revenue contributions, reserves and borrowing. The financing of the 2010/11 Outturn is detailed at Appendix 6.

### **Service Grouping Commentary**

39 A summary of the Capital Outturn for each Service Grouping is shown below:

#### **ACE**

40 The revised ACE Capital Budget for 2010/11 was £1.46m with outturn being £0.01m due to underspends in the Members' Neighbourhood Budget. Activity relating to the 'Assets in the Communities' scheme was limited whilst awaiting the outcome of the Community Building review which is to be reported to Cabinet in September 2011. In order to achieve the optimum outcome and maximum return from the funds available, expenditure plans will be reliant on the content of this review. As a result, the whole budget is to be slipped into 2011/12.

41 The Members' Neighbourhoods budget has expended £0.29m during 2010/11 with balance of the budget of £1.18m to be slipped into 2011/12 to finance activity. The actual expenditure has been incurred within Neighbourhood Services following the commissioning of projects by Members.

#### **AWH**

42 The revised AWH Capital budget for 2010/11 was £1.75m with Outturn of £1.12m.

43 The key variations relate to:

- Re-profiling of ICT developments into later years - £0.06m
- Delays in applications for mental health grants - £0.17m
- Slippage in spend on maintenance in residential homes - £0.09m

- Delays in the undertaking of maintenance works at Killhope largely due to adverse weather conditions - £0.21m
- Re-profiling of externally funded Community Safety works into 2012/13 - £0.07m.

## **CYPS**

- 44 The revised CYPS Capital budget for 2010/11 is £64.11m with Outturn of £52.67m.
- 45 The CYPS Capital budget has a number of significant components that are available for different purposes. From the previous financial year there has been £40.6m of slippage, largely on new primary schools and Aycliffe Secure Unit building projects. (School Devolved Capital is included in this total.) Total spend in 2010/2011 was £52.67m.
- 46 Most of the activity was funded via Government grant and as a consequence, budget monitoring is undertaken against specific project areas e.g.:-
- BSF (Grant & Revenue)
  - Aycliffe Secure New Building (Grant & Revenue)
  - Extended Schools (Grant)
  - Sure Start and Youth Capital (Grant)
  - Primary Capital and Modernisation (Grant)
  - Harnessing Technology (Grant)
  - Basic Need (Revenue)
  - Schools Access Initiative (Revenue)
  - Schools Devolved Capital (Grant)
  - Structural School Building R&M – DSG (Grant)
  - 14 to 19 Diploma Course Developments (Grant)
  - Co-Location Fund – Durham Integrated Project (Grant)

- 47 The key areas of investment during 20/11 are detailed in Appendix 7.

## **NEIGHBOURHOOD SERVICES**

- 48 The revised budget for Neighbourhood Services at 31 March 2011 was £29.66m. Actual expenditure incurred was £23.63m, resulting in an underspend of £6.03m.
- 49 The reasons for the underspends shown by service area are as follows;

### **Sport & Leisure (underspend of £3.53m)**

- 50 In total £2.47m relating to Consett Sport Centre was slipped into 2011/12. This will be added to the £12.238m budget already in 2011/12 and will in future be the responsibility of CYPS. Other reasons for the underspend are that £0.643m for Playbuilder schemes will now be completed within the first quarter of 2011/12, and £0.296m for Assets Capitalised Maintenance of Leisure facilities had not been completed by 31 March 2011.

### **Technical Services (£0.23m underspend)**

- 51 Budgets within this service spent in full as programmed with the exception of Street Lighting Invest to Save, Highway Capitalised Maintenance - Street Lighting and Members Highway Allowance budgets.

### **Direct Services (underspend of £2.64m)**

- 52 The main underspends within this service were £1.24m relating to Vehicle, Plant & Maintenance budget, and £0.75m for the scheme to replace Oracle Projects job costing (commencing in 2011/12). In addition, there were underspends relating to £0.508m Waste Infrastructure (work continuing into 2011/12), £0.18m budget for the Live Track system (now commencing in 2011/12) and £0.17m for depot upgrades.

### **Environmental Health & Consumer Protection (underspend of £0.99m)**

- 53 This underspend relates mainly to the ICT equipment project which was financed from the LGR Transition funding available. This equipment was not received prior to the year end however it has since been received and will be funded from LGR transition costs in 2011/12.
- 54 Although the year end underspend described above, amounts to £6.03m, additional grants, contributions and transfers from other services were highlighted after the Q3 report to Corporate Management Team (CMT), and when these were taken into account, the result was an amended slippage figure of £8.28m. £5.64m of this slippage was approved by MOWG on 8 March 2011.

### **RED**

- 55 The revised RED Capital budget for 2010/11 is £49.22m with Outturn of £36.39m. Investment in this area is key to Economic Regeneration of the County. Key areas of investment during 2010/11 are shown at Appendix 8.

### **RESOURCES**

- 56 The revised Capital budget for Resources for 2010/11 was £9.41m. Actual expenditure incurred was £3.79m. The reasons for the variances shown by Service area are as follows:

#### **Asset Management (underspend of £4.69m)**

- 57 Due to the uncertainty of the future of many buildings due to the rationalisation of property, has meant the commitment to major expenditure has been deferred. Some orders were placed later in the year and these commitments will be realised in 2011/12. Also, the total underspend relating to Disability Discrimination Act / Fire Safety and Structural Maintenance, Capitalised Repairs and Maintenance and Periodic Electrical Inspections was £2.61m. However, after including expenditure by other Service Groupings relating to these schemes only £1.5m has been slipped into 2011/12.

- 58 The budget for the Accommodation Strategy was partially reprofiled into future years, and works were funded from other capital budgets which requires £1.79m to be slipped into 2011/12.
- 59 A further £0.23m is requested to be slipped into 2011/12 due to delays in identifying projects for Energy Efficiency (£0.1m) and minor works (£0.1m).

**Finance (overspend of £0.13m which should be brought forward from 2011/12)**

- 60 Expenditure relating to the replacement of the Revenues and Benefits System was reprofiled into 2010/11. This is an ongoing scheme which will continue in 2011/12.

**ICT (overspend of £0.94m of which £0.1m should be brought forward from 2011/12)**

- 61 A capital expenditure variance relating to both IT Replacement and the purchase of vehicles totalling £0.84m was financed from revenue.

**HOUSING REVENUE ACCOUNT (HRA) – 2010/11 Revenue and Capital Outturn**

- 62 The Authority is responsible for managing the HRA which is concerned solely with the management and maintenance of the Council's housing stock of around 19,000 dwellings. The HRA comprises the housing stock inherited from former Easington, Wear Valley and Durham City councils. Two arms length management organisations (ALMOs) have been established to manage Easington and Wear Valley housing stock (East Durham Homes and Dale and Valley Homes respectively) whilst Durham City is managed in-house. The responsibility for managing the HRA lies solely with the Authority and this is not delegated or devolved to the ALMOs.
- 63 Council approved the HRA budget on 26 February 2010. The 2010/11 HRA set a balanced budget which included rental income of £54.16m, direct expenditure on ALMO fees, repairs, maintenance, management and supervision of £31m and a revenue contribution to the capital programme of £2.78m. Also included as a 'negative subsidy' payment of £0.77m, depreciation of £11.94m and interest payments on housing debt of £7.71m. The rent increase approved by Council was an average of 2.1% which equated to an average rent of £55.50 per week – an increase of £1.15 per week from 2009/10.
- 64 Appendix 9 details the outturn position on the HRA showing the actual position compared with the original budget. In summary it identifies a surplus outturn position on the revenue account alongside a healthy level of reserves of £7.67m. The following table summarises the position:

	<b>Budget £m</b>	<b>Actual £m</b>	<b>Variance £m</b>
<b>Income</b>			
Dwelling Rents	(53.32)	(53.42)	- 0.10
Other Income	(0.84)	(1.30)	- 0.46
Interest and Investment Income	(0.07)	(0.07)	0
<b>TOTAL INCOME</b>	<b>(54.23)</b>	<b>(54.79)</b>	<b>- 0.56</b>
<b>Expenditure</b>			
ALMO Fees	18.29	18.26	- 0.03
Repairs, Supervision and Management Costs	12.73	11.83	- 0.90
Negative Subsidy Payment to CLG	0.77	3.22	2.44
Depreciation	11.94	11.94	0
Interest Payable	7.71	5.83	- 1.88
Revenue contribution to Capital Programme	2.78	1.34	- 1.44
<b>TOTAL EXPENDITURE</b>	<b>54.23</b>	<b>52.43</b>	<b>- 1.81</b>
<b>Net Position</b>	<b>0</b>	<b>- 2.36</b>	<b>- 2.36</b>

65 The actual position is a surplus of £0.87m after adjusting for the underspend on the revenue contribution to capital of £1.44m, plus £0.20m from East Durham Homes and £0.15m of expenditure incurred in connection with the stock options process which is to be met out of reserves.

66 The surplus of £0.87m generated during 2010/11 has been allocated as follows:

- £0.40m to support Durham City Homes Improvement Plan;
- £0.47m to support the Capital Programme in future years.

67 In summary, the main variances are explained below:

- Income - additional income of £0.17m arising from a furnished tenancy scheme in Durham City area £0.07m, de-minimus capital receipts and residual rents from Sedgfield £0.09m;
- Income - contribution from East Durham Homes of £0.20m received to support the capital programme;
- Repairs - £0.12m overspend due to fire damage £0.03m in Wear Valley and additional repairs in Durham City £0.1m;
- General Management - savings in management of £0.78m arising from insurance £0.24m, Durham City Homes cancelled inspection £0.07m and delay in implementing service improvement plan £0.48m;
- Special Management - £0.17m saving includes reduced contribution towards supported housing £0.07m, savings from closure of communal rooms/sheltered accommodation £0.08m, and efficiencies in garden maintenance service £0.02m;



- Subsidy - additional negative subsidy payment £2.44m which includes settlement of prior claims totalling £0.38m;
- Interest payments - reduced interest payable on housing debt resulting from lower interest charges of £1.89m;
- Revenue support to Capital - reduced requirement to use revenue contributions to finance the capital programme £1.44m in 2010-11, although resources have been earmarked to support the slippage carried forward into 2011/12.

68 The table below details the Capital Outturn position for the HRA:

Service	Gross Budget 2010/11	Re-profiled into future years	Revised 2010/11 Budget	Actual Spend	Variance	Slippage into 2011/12
	£m	£m	£m	£m	£m	£m
HRA	46.24	- 7.26	38.98	37.86	- 1.12	0.65

69 The key areas of HRA investment are detailed below:

#### **HRA - Decent Homes Programmes – Actual Spend £31.83m**

70 The Council's core housing programme is geared around modernising and refurbishing the Council's housing stock. The 2010/2011 budget is supported with £14.5m of ALMO funding and it is currently forecast that this funding will be fully utilised within year. Our three housing management providers have made good progress on refurbishing our dwelling stock and it is estimated that some 2,000 properties will have been brought up to decent homes standard.

#### **HRA - Housing (Regeneration) Demolitions – Actual Spend £0.91m**

71 This work is being undertaken by the Housing Renewal Team. A number of properties/buildings are surplus to requirements and require rationalisation. In addition a number of isolated houses are being acquired and demolished. Contracts have been awarded but there have been delays because of the need to remove asbestos and an issue of bat roosts.

#### **HRA - New Build - New Council Housing – Actual Spend £5.11m**

##### Round 1 - £3.36m

72 The Round One Schemes located at Bearpark, High Pitlington, Croxdale and Bowburn are now at a practical completion. The projected costs as identified through the bid to the Homes and Communities Agency (HCA) are in line with projections and the HCA grant has been drawn down. The spend is approximately £100k above budget. HCA funding has been secured to the value of £1.59m for the Round 1 Schemes and the balance will be funded via prudential borrowing.

##### Round 2 - £1.75m

73 The Round Two Schemes located at Park Avenue Close and Greenside Place in Crook are underway, and the first tranche of grant has been drawn

down from the HCA. The projected completion date is March 2012 and grant of £3.45m has been secured through HCA funding for the Round 2 Schemes.

- 74 For both schemes the capital required to fund the schemes will be sought through prudential borrowing and will have a repayment term not exceeding 30 years as per the agreement made by Cabinet in 2009.

### **2010/11 Treasury Management Report**

- 75 Treasury Management is the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 76 Treasury management is concerned with how the Council manages its cash resources and its scope covers borrowing, investment and hedging instruments and techniques. Risk is inherent in all treasury management activities and it is necessary to balance risk and return.
- 77 On average over the last year cash balances of around £200m have been invested short term in the money markets generating a return of £1.9m. The relatively low level of return results from the current historically low level of interest rates.
- 78 The Council's debt position has not changed significantly throughout 2010/11 with outstanding debt at 31 March 2011 of £317.8m.

### **Capital Expenditure and Financing**

- 79 The Council undertakes capital expenditure on long-term assets. These activities may either be:
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants or revenue contributions), which has no resultant impact on the Council's borrowing need; or
  - If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
- 80 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	<b>2009/10 Actual £m</b>	<b>2010/11 Estimate £m</b>	<b>2010/11 Actual £m</b>
Non-HRA capital expenditure	92.59	155.60	120.22
HRA capital expenditure	27.33	38.99	37.86
<b>Total capital expenditure</b>	<b>119.92</b>	<b>194.59</b>	<b>158.08</b>
Resourced by:			
Capital receipts	19.41	24.94	27.53
Capital grants	45.71	86.35	72.26
Capital reserves	12.45	12.97	18.26
Revenue	8.82	12.36	12.80
<b>Unfinanced capital expenditure</b>	<b>33.51</b>	<b>57.97</b>	<b>27.23</b>

## Overall Borrowing Need

- 81 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend. It represents the 2010/11 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
- 82 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWL] or the money markets), or utilising temporary cash resources within the Council.
- 83 The Council's (non HRA) underlying borrowing need known as its capital finance requirement (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-HRA borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.
- 84 The total CFR can also be reduced by:
- the application of additional capital financing resources (such as unapplied capital receipts); or
  - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 85 The Council's 2010/11 MRP Policy, as required by the Department of Communities and Local Government (CLG) guidance was approved as part of the Treasury Management Strategy Report for 2010/11 on 26 February 2010.

- 86 The Council's CFR for the year is shown below, and represents a key prudential indicator.

CFR	31 March 2010 Actual £m	31 March 2011 Estimate £m	31 March 2011 Actual £m
Opening balance	396.898	418.524	418.524
Add unfinanced capital expenditure (as above)	33.516	62.578	27.235
Less MRP/VRP	(11.890)	(11.840)	(13.854)
<b>Closing balance</b>	<b>418.524</b>	<b>469.262</b>	<b>431.905</b>

- 87 The borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.
- 88 Net borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term - the Council's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2010/11 plus the expected changes to the CFR over 2011/12 and 2012/13. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2010/11. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2010 Actual £m	31 March 2011 Estimate £m	31 March 2011 Actual £m
Net borrowing position	145.92	136.19	171.82
CFR	418.52	469.26	431.90

- 89 The authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2010/11 the Council has maintained gross borrowing within its authorised limit.
- 90 The operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

	2010/11 £m
Authorised limit	519.00
Operational boundary	306.19
Average gross borrowing position	316.66

## Treasury Position as at 31 March 2011

91 The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2010/11 the Council's treasury position was as follows:

	<b>31 March 2010 £m</b>	<b>£m</b>	<b>31 March 2011 £m</b>	<b>£m</b>
Fixed rate funding:				
-PWLB	289.43		289.48	
-Market	26.70	316.13	28.31	317.79
Variable rate funding:				
-PWLB	0		0	
-Market	0	0	0	0
<b>Total debt</b>		<b>316.13</b>		<b>317.79</b>
<b>CFR</b>		<b>418.52</b>		<b>431.90</b>
<b>Over/(under) borrowing</b>		<b>(102.39)</b>		<b>(114.11)</b>
<b>Investments</b>		<b>170.21</b>		<b>145.36</b>

92 The maturity structure of the debt portfolio was as follows:

	<b>31 March 2010 Actual £m</b>	<b>31 March 2011 Actual £m</b>
Under 12 months	9.95	2.16
12 months and within 24 months	1.87	7.51
24 months and within 5 years	14.78	8.22
5 years and within 10 years	17.11	31.47
10 years and within 15 years	49.50	53.53
15 years and within 20 years	80.24	127.64
20 years and within 25 years	82.09	26.79
Over 25 years	60.59	60.47
<b>Total</b>	<b>316.13</b>	<b>317.79</b>

93 All sums invested were for a period of less than one year.

## **Recommendations and reasons**

- 94 It is recommended that Cabinet note the following:
- (i) the cumulative Cash Limit underspend of £12.12m. These sums will be held as Earmarked Reserves and be available for Service Groupings to utilise to manage budgets effectively.
  - (ii) the closing General Reserve balance of £17.3m.
  - (iii) the closing balance on Earmarked Reserves (excluding Cash Limit Reserves) of £82.84m of which £20.29m relates to schools.
- 95 It is recommended that Cabinet approve the following:
- (i) that capital slippage of £37.29m for the General Fund and £0.65m for the HRA is slipped into 2011/12 and that Service Groupings regularly review capital profiles throughout 2011/12 reporting revisions to MOWG and Cabinet as necessary.

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## **Appendix 1: Implications**

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### **Finance**

The report details the financial outturn for the Council for 2010/11 for Revenue and Capital. The report covers General Fund and Housing Revenue Account for both Revenue and Capital.

### **Staffing**

None.

### **Risk**

None.

### **Equality and Diversity**

None.

### **Accommodation**

None.

### **Crime and Disorder**

None.

### **Human Rights**

None.

### **Consultation**

None.

### **Procurement**

None.

### **Disability**

None.

### **Legal Implications**

None.

## Appendix 2: Revenue Summary 2010/11

	Cash Limit Adjustments						
	Agreed Budget	Service Groupings Final Outturn	Variance	Sums Outside the Cash Limit	LGR Transition Costs	Movement on Reserves	Cash Limit Position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children & Young People	126,016	110,784	-15,232	7,101	0	6,879	-1,253
Adult Wellbeing and Health	194,268	197,301	3,033	-6,854	0	-1,602	-5,423
Neighbourhood Services	111,437	138,869	27,432	-28,477	-286	39	-1,292
Regeneration and Economic Dev	66,189	63,835	-2,354	-7,365	-78	7,406	-2,391
Resources	17,906	29,291	11,385	-11,057	-1,441	240	-873
Assistant Chief Executive	14,411	13,884	-527	-2,748	0	2,381	-894
	530,227	553,964	23,737	-49,400	-1,805	15,343	-12,126
Contingencies	7,674	246	-7,428		0		
LGR Transition Costs	1,260	0	-1,260		1,805		
<b>NET COST OF SERVICES</b>	539,161	554,210	15,049	-49,400	0	15,343	-12,126
Capital charges	-49,019	-94,550	-45,531				
Interest and Investment income	-1,577	-1,827	-250				
Interest payable and similar charges	24,527	32,088	7,561				
Reversal of HR Accrual	0	8,239	8,239				
LPSA Performance Reward Grant	0	-255	-255				
LABGI Grant	0	-436	-436				
Area Based Grant	-55,940	-55,539	401				
<b>Net Operating Expenditure</b>	457,152	441,930	-15,222	-49,400	0	15,343	-12,126
Amount required from council tax payers	-198,813	-198,813	0				
Use of earmarked reserves	-21,573	-171	21,402				
Estimated net surplus on Collection Fund	-1,924	-1,924	0				
Revenue Support Grant	-29,333	-29,333	0				
Re-distributed Non Domestic Rates	-202,007	-202,007	0				
Use of general reserve	-3,502	-9,682	-6,180				
<b>TOTAL</b>	0	0	-0	-49,400	0	15,343	-12,126



### Appendix 3: Revenue Summary by Expenditure / Income for 2010/11

	Cash Limit Adjustments						
	Agreed Budget	Service Groupings Outturn	Variance	Sums Outside the Cash Limit	LGR Transition	Movement on Reserves	Cash Limit Position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Employees</b>	620,856	627,131	6,275	-6,257	-787	-6,883	-7,652
<b>Premises</b>	52,359	49,792	-2,567	211	-116	0	-2,472
<b>Transport</b>	54,849	57,179	2,330	2,182	0	0	4,512
<b>Supplies &amp; Services</b>	216,146	215,960	-186	-575	-755	2,125	609
<b>Agency &amp; Contracted</b>	229,216	231,814	2,598	-324	0	0	2,274
<b>Transfer Payments</b>	253,969	246,853	-7,116	4,873	0	1,104	-1,139
<b>Central Costs</b>	85,399	129,877	44,478	-39,173	0	14,625	19,930
<b>Other</b>	0	1,001	1,001	-2	0	0	999
<b>RCCO</b>	0	9,199	9,199	0	-147	0	9,052
<b>Capital Charges</b>	49,019	94,550	45,531	-45,531	0	0	-0
<b>GROSS EXPENDITURE</b>	<b>1,561,813</b>	<b>1,663,357</b>	<b>101,544</b>	<b>-84,596</b>	<b>-1,805</b>	<b>10,971</b>	<b>26,114</b>
<b>Income</b>							
- Specific Grants	655,340	653,851	-1,489	5,525	0	-2,015	2,021
- Other Grants & conts	40,658	50,433	9,775	-220	0	-254	9,301
- Sales	5,611	9,246	3,635	0	0	0	3,635
- Fees & charges	104,419	106,709	2,290	-141	0	-40	2,109
- Recharges	206,483	264,068	57,585	-40,172	0	-524	16,889
- Other	19,075	25,086	6,011	-188	0	-1,539	4,284
<b>Total Income</b>	<b>1,031,586</b>	<b>1,109,393</b>	<b>77,807</b>	<b>-35,196</b>	<b>0</b>	<b>-4,372</b>	<b>38,239</b>
<b>NET EXPENDITURE</b>	<b>530,227</b>	<b>553,964</b>	<b>23,737</b>	<b>-49,400</b>	<b>-1,805</b>	<b>15,343</b>	<b>-12,126</b>

## Appendix 4: Earmarked Reserves as at 31 March 2011

	Balance at 31st March 2010	Creation of Strategic Reserve	Use of Reserves	Contribution to Reserves	Transfers between Reserves	Total movement on reserves	Reserve Balance
	£000	£000	£000	£000	£000	£000	£000
<b>EARMARKED RESERVES</b>							
AAP Reserve	-1,484		380			380	-1,104
AAP - Neighbourhoods Reserve				-824		-824	-824
ABG Reserve	-15,218		11,653			11,653	-3,565
Asset Management Reserve	-141	141				141	-
Aycliffe Young People's Centre	-2,027		2,027	-300		1,727	-300
Best Value	-10	10				10	-
Bishop Auckland Renaissance Project	-344	344				344	-
Book Fund Reserve				-41		-41	-41
Budget Support Fund	-1,323	1,323				1,323	-
Building Control	-1	1				1	-
Building Services Defects Liability Reserve	-912		300			300	-612
Burns Pit Memorial	-4	4				4	-
Cabinet Reserve	-6,248	5,750				5,750	-498
Capital Schemes	-130	130				130	-
Carers				-25		-25	-25
Chester-le-Street Sports Development Reserve			51	-45	-190	-184	-184
Children's Fund Returned Grant	-127		127			127	-
City Centre Visioning	-22					0	-22
Communities for Health	-141			-754		-754	-895
Community Fund	-44	44				44	-
Community Improvement	-16	16				16	-
Community Safety				-53		-53	-53
Community Safety Development	-22					0	-22
Commuted Sums	-83					0	-83
Connexions	-478		478			478	-
Continuing Professional Development	-278					0	-278
Corporate Finance	-9	9				9	-
Corporate Procurement Reserve	-150			-415		-415	-565
Corporate Reserve	-48		47			47	-1
Corporate Reserve	-300					0	-300
Corporate Reserve	-116	116				116	-
CPA Fund	-3	3				3	-
CPAL Reserve				-46		-46	-46
Countywide Funding Reserve				-251		-251	-251
Crime & Disorder Fund	-20	20				20	-
Culture and Leisure	-240		71	-61		10	-230
Derwentside Business Development	-247					0	-247
Derwentside Training				-240		-240	-240
Disability Discrimination Act	-124	124				124	-
DLI Bequests				-90		-90	-90
Dowry	-485		20			20	-465
DSO Relocation	-50	50				50	-
Durham City Sports Development Reserve	-64			-12		-12	-76
Durham City Vision				-119		-119	-119
DWP ATLAS Grant Reserve				-35		-35	-35
DWP IB(IS) Reassessment Reserve				-35		-35	-35
DWP Local Housing Allowance Grant Reserve				-16		-16	-16
Early Retirement Pensions	-6,265	6,265				6,265	-
Early Retirement Reserve	-393	393				393	-
Easington Sports Development Reserve				-6		-6	-6
East Durham Business Service Reserve	-223					0	-223
East Shore Village	-300		282			282	-18
Economic Development Fund	-154	154				154	-
Education Reserve	-3,656		1,135	-1,131		4	-3,652
E-Government/IT	-187		187			187	-
Empty Homes				-25		-25	-25
Equal Pay Reserve	-2,974			-499		-499	-3,473
Family Intervention Project				-283		-283	-283
General Housing Subsidy	-26	26				26	-
General Taxation	-60	60				60	-
Growth Point				-148		-148	-148
Health and Wellbeing				-382		-382	-382
Health Lifecheck/Initiatives	-59			-135		-135	-194
Heritage Development				-21		-21	-21
HMO Licensing Reserve	-50		50			50	-
Housing Solutions				-540		-540	-540
In-House Training	-120	120				120	-
Innovation				-54		-54	-54
Insurance Reserve	-15,520	5,000		-764		4,236	-11,284
LABGI Economic Growth Fund	-402					0	-402
LEGI Reserve	-601			-403		-403	-1,004
Leisure Reserves - CYPs	-309		3	-18	272	257	-52
LEP Reserve	-80					0	-80
Lifelong learning	-31	31				31	-
Lottery	-23					0	-23
LSVT Reserve	-160		27			27	-133

	Balance at 31st March 2010	Creation of Strategic Reserve	Use of Reserves	Contribution to Reserves	Transfers between Reserves	Total movement on reserves	Reserve Balance
	£000	£000	£000	£000	£000	£000	£000
Members Initiative Fund Reserve	-44			-7		-7	-51
Members Neighbourhood Initiative Reserve	-1,816		557			557	-1,259
Neighbourhoods Education and Enforcement Reserve				-45		-45	-45
Neighbourhood Fund	-60	60				60	-
NETSA				-28		-28	-28
North Pennines					-169	-169	-169
Other Funds	-194	194				194	-
Outreach Health				-40		-40	-40
Pension Strain Reserve	-919	919				919	-
Performance Reward Grant Reserve	-1,559		120	-255		-135	-1,694
Planning	-2,189		288			288	-1,901
Preventative Technology				-303		-303	-303
Prevention Fund				-37		-37	-37
Programme Management Admin Grant	-81	81				81	-
Reallocated underspends	-868	810	58			868	-
Regeneration & Communities	-2,000		120			120	-1,880
Regeneration Reserve	-4,150	951	2,621			3,572	-578
Registered Traders Reserve				-12		-12	-12
Seaside Town Reserve	-200					0	-200
Section 106 Agreements	-149		232			232	83
Sedgefield Sports Development Reserve				-160		-160	-160
Service Improvement Fund	-133	133				133	-
SHIP Monies	-100	100				100	-
Social Housing Fraud				-50		-50	-50
Social Inclusion	-3	3				3	-
Special Projects	-2,940	2,730	150			2,880	-60
Special Reserve	-4	4				4	-
Sports and Leisure - Big Lottery Grant Reserve				-24		-24	-24
Sports and Leisure - British Coal Dowry Reserve				-26		-26	-26
Sports and Leisure - Hawthorn to Ryhope Railway Reserve				-15		-15	-15
Sports and Leisure - Lanchester Valley Railway Reserve				-200		-200	-200
Staffing Reserve	-577	577				577	-
TAMP Funding Reserve	-400			-115		-115	-515
Teesdale Sports Development Reserve	-70			-8		-8	-78
Twin Bin Implementation	-10	10				10	-
Unallocated Revenue Reserve	-13	13				13	-
Use of Reserves	-185	185				185	-
Wear Valley DCMS (Glenholme )	-23					0	-23
Wear Valley IFU Reserve			12		-21	-9	-9
Wear Valley Sports Development Reserve	-49			-5	-61	-66	-115
Youth Forum	-64					0	-64
						0	-
Strategic Reserve		-26,904	7,106			-19,798	-19,798
Schools' Revenue Balance	-13,838		2,192	-8,088		-5,896	-19,734
Schools' Unspent Grants				-639		-639	-639
<b>Earmarked Reserves</b>	<b>-95,140</b>	<b>0</b>	<b>30,294</b>	<b>-17,828</b>	<b>-169</b>	<b>12,297</b>	<b>-82,843</b>

APPENDIX 5

								APPENDIX 5
<b>2010/11 GENERAL FUND BY SERVICE GROUPING AND HRA CAPITAL OUTTURN</b>								
Service	Original Budget 2010/11	Slippage from 2009/10	Original Budget 2010/11 inc slippage from 09/10	Revised Government Grant funding and budget adjustments	Reprofiling to future years	In year revisions	Total Revised Budget 2010/11	Actual outturn March 31st 2011
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CYPS	63,719	40,609	104,329	-1,508	-41,919	3,205	64,106	52,666
AWH	436	8,536	8,972	-200	-7,739	717	1,750	1,744
NEI	23,168	26,114	49,282	-728	-19,972	1,074	29,656	23,630
RED	20,017	48,973	68,990	-978	-25,634	6,840	49,219	36,388
RES	17,580	3,543	21,123	-1,000	-9,828	-883	9,411	5,786
ACE	3,110	693	3,803	0	-2,338	0	1,465	10
Other	0	0	0	0	-2,000	2,000	0	0
<b>Total General Fund</b>	<b>128,030</b>	<b>128,468</b>	<b>256,499</b>	<b>-4,414</b>	<b>-109,430</b>	<b>12,953</b>	<b>155,607</b>	<b>120,225</b>
<b>Total HRA</b>	<b>34,103</b>	<b>596</b>	<b>34,699</b>	<b>10,943</b>	<b>-7,255</b>	<b>600</b>	<b>38,987</b>	<b>37,862</b>
<b>General Fund and HRA Total</b>	<b>162,133</b>	<b>129,064</b>	<b>291,197</b>	<b>6,529</b>	<b>-116,685</b>	<b>13,553</b>	<b>194,593</b>	<b>158,087</b>

## FINANCING OF 2010/11 GENERAL FUND AND HRA CAPITAL EXPENDITURE

	Original Budget 2010/11	Slippage from 2009/10	Original Budget 2010/11 inc slippage from 09/10	Revised Government Grant funding and budget adj	Reprofiling to future years	In year revisions requested	Total Revised Budget 2010/11	Actual outturn March 31st 2011
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund financing:</b>								
Grants and Contributions	67,566	52,954	120,519	-3,414	-18,439	-16,004	82,662	68,610
Capital Receipts	3,000	20,247	23,247	-	-	500	23,747	26,150
Direct Revenue Financing / Reserves	5,443	8,408	13,851	-	-3,708	-560	9,584	16,579
Borrowing	52,022	46,859	98,881	-1,000	-87,284	29,016	39,614	8,885
	-	-	-	-	-	-	-	-
<b>Total General Fund</b>	<b>128,030</b>	<b>128,468</b>	<b>256,499</b>	<b>-4,414</b>	<b>-109,430</b>	<b>12,953</b>	<b>155,607</b>	<b>120,225</b>
<b>HRA financing:</b>								
Grants and Contributions	-	-	-	10,943	-7,255	-	3,688	3,652
Capital Receipts	-	596	596	-	-	600	1,196	1,375
Direct Revenue Financing	2,781	-	2,781	-	-	-	2,781	1,341
Major Repairs Allowance	12,967	-	12,967	-	-	-	12,967	13,144
ALMO Supported Borrowing	14,500	-	14,500	-	-	-	14,500	14,500
Supported Borrowing	2,048	-	2,048	-	-	-	2,048	2,048
Unsupported Borrowing	1,807	-	1,807	-	-	-	1,807	1,802
	-	-	-	-	-	-	-	-
<b>Total HRA</b>	<b>34,103</b>	<b>596</b>	<b>34,699</b>	<b>10,943</b>	<b>-7,255</b>	<b>600</b>	<b>38,987</b>	<b>37,862</b>
	-	-	-	-	-	-	-	-
<b>Total financing</b>	<b>162,133</b>	<b>129,064</b>	<b>291,197</b>	<b>6,529</b>	<b>-116,685</b>	<b>13,553</b>	<b>194,593</b>	<b>158,087</b>

## APPENDIX 7

### CYPS 2010/11 CAPITAL PROGRAMME – MAJOR SCHEMES

#### **Primary Capital and Modernisation – 2010/2011 Budget £14.44m**

- 1 This part of the capital budget is predominantly focused on new build. Ongoing schemes incurred costs of £2.5m in 2010/11, most of the project spend on new schools at Esh Winning, Brandon, Finchale and Green Lane is scheduled to occur in the 2011/2012 financial year onwards. Only preliminary Design and Planning costs have been incurred in relation to new schools at Greenland and Kirk Merrington.

#### **Basic Need – 2010/2011 Budget of £1.1m**

- 2 This budget is to enable primary schools to be provided with enough classroom capacity to meet demands from their locality. At present there are 12 schools where projects are in various stages of development. In some cases, projects have required detailed discussion between the Local Authority and schools to ensure that they are integrated with other building works and this has led to delays in starting the construction phase. The budget is fully committed and as anticipated £0.59m will slip into 2011/2012. The budget will be reprofiled to reflect this.

#### **Schools Access Initiative – 2010/2011 Budget £0.95m**

- 3 This budget is funding a range of projects in schools that allow improved pupil and visitor access and movement within the premises. Demand is high and schools are supplementing projects via their Devolved Capital budgets. As anticipated most of the revised budget has been deployed by March 2011. This is a part of the capital budget where actual spend exceeded the available budget in 2009/2010 and this reduced available funds in 2010/2011 (by £0.36m). At out-turn for 2010/2011 there was a £0.06m balance.

#### **Structural Maintenance – DSG – 2010/2011 Budget £3.6m**

- 4 From within Dedicated Schools Grant provided for school running costs and certain support functions, a budget was set aside for “lumpy” building repair and maintenance costs such as roof replacements, electric rewiring, boiler plant replacement and asbestos removal. A full schedule of works was drawn up and as expected the budget was fully spent by 31 March 2011, showing a small overspend of £0.02m. This will be reflected in next year’s budget via the DSG, as there is some cross financial year flexibility.

#### **Schools Devolved Capital – Budget £9.2m**

- 5 Amounts are delegated to schools each year to meet the cost of Capital Repair and Maintenance works and ICT purchases. Decisions on priorities and management of these funds, over a 3 year period, are matters for each school Governing Body. The 2010/2011 budget including slippage from 2009/2010 was £14.9m. During the year it was anticipated that £9.9m would

be spent in 2011/2012, and at out-turn the actual spend was £9.14m. It is of note that grant allocations from DfE have reduced by about 80% from April 2011.

#### **Aycliffe Secure Premises – New Build Budget £13.6m**

- 6 The original 2009/2010 capital budget for this project was established at £13.6m, but it was February 2010 before construction started. Most of the project expenditure was incurred in 2010/2011. A report to Cabinet on the 6 October 2010 finalised the financing plan for this project. £9.94m was spent in 2010/2011.

#### **Building Schools for the Future (BSF)**

- 7 BSF funding implications are complex, depending on whether the PFI route or traditional design and build option is being utilised. In some cases, capital expenditure is incurred, in others PFI contractor payments will feature in the revenue budget. (Applicable for 3 new schools in County Durham.)
- 8 The full Wave 6 Programme for County Durham will not now go ahead. The Capital Budget has been revised to reflect the reduction in the Programme. Part of development and planning costs did prove to be abortive and £0.28m needs to be managed outside the revenue cash limit.
- 9 During 2010/2011 the budget plan was revised to £20.86m to cover construction and ICT costs at the schools in Wave 6: Dene Community School of Technology, Easington Community Science College; Glen Dene; Peterlee St Bede's Catholic Comprehensive and Wellfield Community School. At out-turn £15.6m was spent.
- 10 The reasons for this are – payments to contractors were withheld due to targets not being achieved on some projects, two projects suffered from delays in finalising design and contract details. ICT spend has been affected because of changes to the original specification.

#### **Catchgate Children's Home Replacement - £0.75m (slippage) from 2009/2010**

- 11 Initial negotiations to purchase and develop a property fell through in late 2009 and a new building option in the west of county also hit snags. A new build on an alternative site is now being considered.

#### **Harnessing Technology 2010/11 £2.24m Original Budget; reduced after Government 'Emergency' Budget Cuts to £1.12m**

- 12 75% of this grant was devolved to schools and they used it to pay for Broadband and other school connectivity costs. The balance is managed by the Head of ICT to resource the Broadband infrastructure across the Council that links up with schools. The grant has been almost entirely utilised, and a balance of £42,000 will roll forward into 2011/2012.

**Sure Start and Youth Capital 2010/11 £3.2m original budget; reduced after Government Cuts to £3.1m**

- 13 A number of grants are provided to extend and construct Children's Centres, to support the work of private Early Years Providers, facilities and equipment for disabled children and for Youth projects. A range of projects have been delivered and by 31 March 2011, most of the budget was utilised. (The Youth element was affected by the Government in year budget cuts and reduced from £268,200 to £134,100). The balance on this part of the capital budget is £52,000 at 31 March 2011, which DfE is expected to reclaim.

**Diploma Exemplar and Rural Capital £3.4m [+ slippage from 2009/10 £0.69m]**

- 14 DfE has provided capital grant that will over 2 years allow the development of a manufacturing facility at Newton Aycliffe and extended diploma facilities in the west of the County. In total £2.04m was spent in 2010/2011 and the balance will allow projects to be completed in 2011/2012.

**Co-Location Fund – Durham Integrated Project - £5.16m [+ slippage from 2009/10 £1.56m]**

- 15 DfE announced £6.7m of capital grant in 2010 for developing integrated, co-located locality teams within County Durham and development of service hubs for Children and Young People aged 5 – 19. DfE has confirmed that plans in Durham will continue to be supported, allowing projects at ten locations to be taken forward. NHS County Durham has contributed £700,000 to the development of a Young Person's Lifestyle Centre (YPLC) at Chester le Street. Actual expenditure by March 2011 was £2.14m. There have been a number of site location issues, but ten projects are on target for August 2011 completion.



## APPENDIX 8

### Progress in Delivering the Regeneration and Economic Development (RED) 2010/11 Capital Programme – Major Schemes

Summarised below is commentary on the major elements of the RED capital programme in 2010/11, highlighting progress made during the year.

#### **1     *Barnard Castle Vision – Actual Spend £0.86m***

The Barnard Castle Vision has intervened in several key areas that are essential for the future prosperity of Barnard Castle, such as retail development, landscape enhancement and development of the arts and creative sector. Successes have been achieved in creating new facilities, such as the construction of the Newgate Studio as an art gallery, hot desking for creatives, digital hub and café, as well as several improvements in the retail sector that have reduced vacancy rates to 6%. Additionally, several large projects are underway that can be expected to have a sizeable impact on the town. Among these are:

- Digital Dale, an innovative project that is making broadband available to the rural area through wireless connection;
- Landscape Partnership Scheme, a five year project that is enhancing the built up and natural environment of Barnard Castle;
- Witham Hall Redevelopment that will redevelop an iconic building in the centre of Barnard Castle and transform it into an artistic and business centre;
- North Pennines Love Food project designed to promote the production of specialised products and food within the agricultural sector.

#### **2     *North Dock, Seaham – Actual Spend £1.81m***

Construction work is ongoing to provide a new marina facility at Seaham North Dock. The development will provide floating pontoons to accommodate up to 76 leisure craft, supported by business workspace for up to 12 marina related businesses, an improved slipway and the reinstatement of dock gates.

The workshop unit is almost complete with only snagging works to be undertaken. Pontoons were installed in February 2011 with only minor works remaining on this element of the project. Work is progressing on the dock gate.

#### **3     *St John's Square – Actual Spend £3.91m***

This is a comprehensive redevelopment of the civic precinct in Seaham town centre incorporating the following elements.

- i) Multi Use Centre : The building has been completed; users of the building will be moving into the new premises shortly. Training & familiarisation

over a 4 week period with the building formally open to the public towards the end of May 21<sup>st</sup> 2011. This element of the programme has been delivered by Assets.

- ii) PCT Health Centre: Construction is ongoing and this programme is scheduled for completion by Qtr 1 2012/2013.
- iii) Public Ream: Public Realm development will be procured towards the end of Qtr 2 2011/2012. A finalised design awaits internal approval and comments.
- iv) Residual Development Plot: The site will be coming forward for disposal in the coming months following the demolition of Caroline House and the former town library. It is identified in the Capital disposal programme for 2012/2013.

Once opened the Multi-Use "Seaham Service Centre", will house a County Council One-Stop Shop, a library, offices for East Durham Homes, Peterlee Registrar and Mental Health & Social Services.

#### **4 *Durham City Vision – Actual Spend £3.4m***

This is a flagship key investment project for Durham and comprises a number of specific initiatives to make Durham City a thriving centre for regeneration, business and tourism. A brief outline is shown below:

Heart of the City, Market Place and Vennels, Lord Londonderry Statue - Progress has continued with substantial completion by Easter 2011 and the dismantling, restoration and re-erection of the Marquess of Londonderry statue. There is a greater slippage into 2011/2012 caused by site delays due to extended cold weather and snow, additional archaeological excavations and difficult ground and traffic management requirements.

Freeman's Reach - The de-risking process has been successful and is embedded in the competition for a development partner in support of ONE North East (OJEU Stage 2 currently). It is on timetable to achieve a selected partner by November 2011 and necessitates slippage into 2011/2012.

World Heritage Site (WHS) Visitor Centre and Revenue Support - This project was delayed at a vulnerable stage during initial strip out because of the low temperatures before Christmas 2010. The project has proceeded well otherwise and completion will be early in the first quarter of 2011/2012.

WHS Feasibility Study - The study is complete but further support is needed into 2011/2012 for detailed advice resulting from the Study and relating to achieving the Lindisfarne Gospels Book exhibition.

Milburngate House - Substantial de-risking work has been carried out and is being incorporated into the design and development brief currently underway. This will complete early first quarter 2011/2012 with funding reserved to support the process of ensuring redevelopment following relocation of National Savings and Investments.

Durham Pride (WHS Floodlighting) - The design work on this is proceeding and the original allocation is to be transferred in support of further capital allocation to the Neighbourhoods Directorate starting 2011/2012.

North Road - De risking work in support of the draft development brief is ongoing and carries forward into 2011/2012.

Claypath/Walkergate Attraction - There has been substantial work in assembling a Regional Growth Fund bid for this project and funding will be required to be slipped forward in support of this in 2011/2012 whether the bid is successful or not.

Old Shire Hall - Budget slippage is necessary as work is required in support of bringing the property to the Market in 2012 and dependent on allocation of ONE North East post closure transfers of ownership.

City Centre Environment - A programme of protected species and ecological surveys continues into 2011/2012 in support of the priority projects.

Signage Strategy - Initial phases are included in the Heart of the City project and further work to link this with key routes and venues is needed in 2011/2012.

DCV Riverbanks Gardens (Castle Walls Survey) - Work is substantially complete with final reports to be received to trigger final payment in the first quarter of 2011/2012 following minor delays on site due to surveys for the difficult access sections of the walls.

## **5 *Durham County Cricket Club – Actual Spend £0.5m***

Phase 2 of the ground development, which the Durham CC grant of £0.5m contributed towards, included an extension to the main pavilion building (South West Building) at the Club with additional spectator seating and an upgrade of the electricity supply to the site. The extension gives an additional 700 spectator seats, including a number of covered seats, a key requirement to satisfy the English Cricket Board (ECB) conditions for hosting international cricket.

## **6 *Durhamgate – Actual Spend £1.41m***

Durhamgate is a mixed use development on the site of the former Black and Decker factory in Spennymoor and comprises around 400 new homes and 440,000 sq feet of quality office space, supported by a range of leisure facilities including a hotel, a public house and a food store. The scheme is being supported by comprehensive highway infrastructure improvements by Durham County Council that are due for physical completion by the end of November. Demolition of existing premises on the site has already begun together with construction of new premises for the first occupants, Sedgefield Borough Homes which is expected to be completed by December 2011.

## **7 NETPark – Actual Spend £1.81m**

The large project currently being undertaken at NETPark comprises a programme of three “Grow on Space” units intended to accommodate high technology companies expanding out of the NETPark Incubator or other similar companies requiring expansion space. This is a £10m project funded by Durham County Council (£4m), ERDF (£5m) and Single Programme funding (£1m). The first unit was completed in 2010 and is now occupied by Kromek Ltd. The other two are now being constructed under a single contract which was awarded in December 2010 and is due for completion in November 2011.

Each unit comprises an average of 1,800 square metres and provides a mixture of office space and areas for laboratories, clean rooms and other forms of production space. Each of the three units is expected to accommodate some 50 high quality jobs in advanced technologies.

## **8 Town Centres – Actual Spend £0.2m**

The town centres capital project seeks to support and stimulate further private sector investment across the County's main centres.

Works undertaken include targeted retail improvement grants which have supported 18 retail businesses during 2010/2011, safeguarding 31 jobs and assisting in the creation of 14 new jobs through new retail businesses. 840 square metres of retail and commercial property has been improved or brought back into use through this investment to date.

The bulk of these grants have been delivered in Spennymoor and Bishop Auckland, following previous successful schemes. Offers have now also been made for Consett (30 expressions of interest and 1 offer of grant, although this is anticipated to rise to 8 shortly) and Seaham (18 expressions of interest and 3 grant offers) with marketing in Stanley to follow the completion of the town centre master plan. The time delay between the offer of grant and the completion of improvements necessitates slippage for some of these works, while take up is also typically slow in towns where the programme has not been in recent operation.

The second strand of capital works under this programme is physical improvement to the fabric of the centres, linking in with priorities identified through master plans and opportunities afforded through recent investments. Design work is underway for schemes at both Consett and Stanley to tie in with new retail opportunities, with the physical delivery on hold to tie in with S106 funded works aligned to new food retail opportunities. The trigger points for the release of S106 have not yet been reached and works will now commence in 2011/2012.

Bishop Auckland Market Place - The public realm phase 7, (£0.54m), was not approved until February 2011 and as such there has been a delayed start. Materials have been purchased however, budget slippage will be required to complete these works in quarter 1 of 2011/2012. Targeted Building Improvement Scheme (£0.1m) which is funded by Single Programme funds will be fully utilised. Other works are focused on shop front improvements,

targeting problematic premises and preventing a listed building becoming a "Building at Risk".

Bow Lane - Durham City, works to refurbish the block paving have been delayed to fit in with the University timetable. The start is now programmed for September 2011 and £0.15m will need to be carried forward to accommodate the revised schedule.

A further strand of funding has been identified for acquisitions to assist in the delivery of strategic priorities in the main centres, typically identified through Master planning activity. Initial feasibility funding for 2010/2011 has not been drawn upon during the year but acquisition opportunities have been identified and valued in both Spennymoor and Consett and significant progress in securing property is anticipated for 2011/2012 thus there is a requirement to slip this budget to meet this expenditure.

## **9 Industrial Estates – Actual Spend £0.96m**

Business Space Fund - This funding was carried forward from the 2009/10 capital programme and has been effectively employed in refurbishing and improving, to modern day standards, over 11,000 square feet of business spaces across several of the county council's business centres. This has increased lettings across the Business Space portfolio and included a major transformation of a small 17th century Grade II listed Gazebo at Castle Gardens in Stanhope to provide a unique business accommodation opportunity. This budget has been fully utilised in year.

Consett Business Park - –scheduled for completion by late summer 2012, is a development of a new 20,000 sq ft BREEAM (Building Research Establishment Environmental Assessment Method) 'Excellent' rated business incubation facility at one of the County Council's existing and very successful managed workspace facilities. The fully designed and costed scheme obtained full planning permission in December 2010 and we are awaiting approval of an additional £2m ERDF match capital funding. Subject to ERDF approval, construction will start on site mid summer this year. The scheme will deliver business accommodation for over 35 new small to medium sized enterprises (SME's) and create over 120 jobs in the Consett area.

Industrial Properties Refurbishment Programme - the County Council currently owns over 650,000 square feet of office and industrial accommodation which is let to SME's across the county and generates circa £2.2m of revenue per annum. The portfolio stretches the entire county and consists of over 300 individual units. The portfolio consists of modern office accommodation, the majority of which has been built over the past 20 years and some 200 industrial units, mainly built in the 1970's and early 1980's, located on council owned industrial estates across the county. The current overall letting rate for the industrial properties portfolio is 79%, with many areas falling significantly below this average as at 31 March 2011.

Given the age of the industrial and some of the older office portfolio, together with an apparent lack of maintenance, an investment plan has been written which highlights those properties across the portfolio requiring capital investment, tackling vacant properties in bringing them up to a lettable

standard (including investment required to comply with statutory obligations), increase marketability and where appropriate, and realise a higher rental income for the authority. The capital invested in 2010/2011 has directly increased lettings and revenue (investment in over 30,000 square feet of space across the portfolio) and marks the beginning of a comprehensive capital investment programme of capital works, which will be targeted at those areas where lettings and positive impact on the local economy can be maximised, hence ensuring that Durham County Council, a major and responsible commercial landlord, boasts a very impressive property portfolio supporting County Durham SME's through growth and prosperity.

Industrial Estate Signage - The Industrial Estates Signage budget in 2010/2011 was utilised to provide much needed signage at the Peterlee North West and South West Industrial Estate, one of the county's major employment locations.

#### **10 LEGI – Actual Spend £0.92m**

This funding has been earmarked to support the following programmes:

- Coaches and ISUS Project - grants to assist in business start up
- Be Franchising - to attract appropriate Inward Investment and Franchising into disadvantaged areas of the County.
- St John's Square, Seaham (reported under a separate heading) - contribution for the provision of office space and community facilities
- St Paul's Centre, Spennymoor, improving access to workspace.
- Seaham North Dock (reported under a separate heading) - provision of workspace

#### **11 Disabled Facilities Grants (DFG's) & Financial Assistance Policy (FAP) – Actual Spend £5.88m**

DFG - This is a mandatory grant awarded under the Housing Grants, Construction and Regeneration Act 1996 to eligible applicants who have been assessed by an Occupational Therapist as having an essential need for an adaptation to make them safer and more independent in their own homes. The maximum DFG award is £0.03m and each applicant (except where the adaptation is for a child) is subject to a test of resources to determine their financial contribution (if any).

The financial position for this budget is detailed below and summarised in the subsequent table;

Around 600 Disabled Facilities Grants were complete by financial year end. Total DFG spend was £3.11m.

Levels of need continue to rise, with 704 referrals for DFGs received from Occupational Therapists to 31 March 2011 (an increase of around 100 on the same period last year). The increasing levels of need are reflected in the welcome increase in the level of supplementary capital grant (SCG) from Central Government to fund Disabled adaptations in 2011/12.

FAP - Durham County Council are a key partner in the North East Regional Loans Scheme and working together have procured the 5 Lamps organisation to administer the loans across the region.

As detailed in the contract all participating Local Authorities pay their FAP funding to the Loans Administrator who manage payments to and from the loan portfolio on behalf of the Council. The Policy provides a range of loan types for property owners who are excluded from mainstream sources of finance. Eligible works can include bringing properties up to the Decent Homes Standard, measures to make the property more energy efficient, relocation loans and measures to help qualifying owner-occupiers and landlords to bring long-term empty properties back into use. £2.77m was spent in 2010/2011.

## **12 Housing Renewal Programme – Actual Spend £3.94m**

The Housing Regeneration Delivery section resources are targeted on holistic regeneration projects in areas with the worst concentrations of housing problems, each element of the overall Housing Renewal and Improvement Service therefore plays its part in co-ordinated local action focused on sustainable improvements.

The delivery of capital investment programmes for the Housing Regeneration Delivery Section include both private and social sector housing stock and include selective acquisition, demolition of housing, group repair schemes, environmental improvements, new housing development and the future refurbishment of the Council's owned Gypsy, Roma, traveller sites. In 2010/2011, properties have either, been acquired, demolished or benefited from improvements via a group repair scheme and environmental improvements on cleared land. There are ongoing schemes in Craghead, Easington, Dawdon, Ferryhill and Chilton. The Dawdon scheme will be completed this financial year and Ferryhill Station is nearing completion.

## **13 Travellers' Site-East Howle –Actual Spend £1.99m**

This is a scheme that was previously the responsibility of Adult services and comprises:

- The demolition of the 23 buildings that previously existed on the site and existing infrastructure, including roads and services
- The construction of 25 new double pitches, including a community building, with improved access, space and facilities.
- The realignment of the road to improve site access.

The development is substantially completed.

## APPENDIX 9: 2010/11 HOUSING REVENUE ACCOUNT OUTTURN POSITION

	<b>2010/11 Budget £000</b>	<b>2010/11 Outturn £000</b>	<b>Variance £000</b>
<b>Income</b>			
Dwelling Rents	<b>(53,324)</b>	<b>(53,425)</b>	- 101
Non Dwelling Rents: – Garages	(670)	(700)	- 30
– Shops/Other	(96)	(151)	- 55
Charges for Services and Facilities	(74)	(245)	- 171
Contributions towards Expenditure		(200)	- 200
<b>Total Income</b>	<b>(54,164)</b>	<b>(54,721)</b>	<b>- 557</b>
<b>Expenditure</b>			
ALMO Management Fee	18,294	18,266	- 28
Repairs and Maintenance	3,898	4,023	125
Supervision and Management - General	5,440	4,657	- 783
Supervision and Management - Special	1,360	1,185	- 176
Rent, Rates, Taxes and Other Charges	42	65	23
Negative HRA Subsidy Payable to CLG	774	3,216	2,442
Depreciation and Impairment of Fixed Assets	11,944	11,944	0
Bad Debt Provision and Debts Written Off	250	302	52
Debt Management Costs	98	113	15
<b>Total Expenditure</b>	<b>42,100</b>	<b>43,770</b>	<b>1,670</b>
<b>Net Cost of HRA Services per I&amp;E Account</b>	<b>(12,064)</b>	<b>(10,951)</b>	<b>- 1,113</b>
Share of Corporate and Democratic Core	1,085	1,085	-
Share of Other Costs Not Allocated to Specific Services	560	402	- 158
<b>Net Cost of HRA Services</b>	<b>(10,419)</b>	<b>(9,463)</b>	<b>955</b>
Interest Payable and Similar Charges	7,708	5,827	- 1,882
Direct Revenue Financing (Contribution to Capital)	2,781	1,341	- 1,440
Interest and Investment Income	(70)	(69)	- 1
<b>(Surplus)/Deficit for Year</b>	<b>0</b>	<b>(2,365)</b>	<b>- 2,365</b>
Contribution (from) / to HRA Reserves	0	(615)	- 615
Contribution (from) / to Earmarked Reserves	0	2,981	2,981
HRA Reserves	8,511	7,895	- 616
Major Repairs Reserve	1,201	0	- 1,201
Stock Options Reserve	0	402	402
Durham City Service Improvement Reserve	0	200	200
Capital Reserve	0	2,379	2,379
<i>ALMO Reserves:</i>			
<b>Dale and Valley Homes</b>	<b>612</b>		
<b>East Durham Homes</b>	<b>1,965</b>		
<b>Total ALMO Reserves</b>	<b>2,577</b>		