

## 2008/09 REVENUE BUDGET MONITORING

### Summary

- The following table summarises the 2008/09 projected outturn as at the end of December 2008.

Area	2008/09 Budget £000	September 2008 Net over or (-) underspend £000	December 2008 Net over or (-) underspending £000	Movement Reduction (-) or increase(+) £000
Adult Services	40,305	300	509	209
Children & Young People	25,886	6	-136	-142
Deputy Chief Executive	12,072	220	0	-220
Environment and Culture	27,728	626	0	-626
Regeneration	10,432	340	206	-134
Central Services	2,824	0	0	0
Resources	8,356	0	0	0
<i>Directorate Position</i>	<i>127,603</i>	<i>1,492</i>	<i>579</i>	<i>-913</i>
Borrowing	12,322	0	-500	-500
Investments	-1,742	-200	-300	-100
Area Based Grant *	-3,580	0	0	0
Transfers to Reserves	217	0	0	0
WMS Profit Share	-536	0	-17	-17
Transfer from Reserves	-2,506	0	0	0
<b>Net Position</b>	<b><u>131,778</u></b>	<b><u>1,292</u></b>	<b><u>-238</u></b>	<b><u>-1,530</u></b>

\*Area based grant is distributed to Directorates on the basis of actual spend.

2. The overall revenue budget position for 2008/09 shows a projected £0.238m underspend. This is approximately 0.2% of the council's £131.778m revenue budget (excluding Dedicated Schools Grant funding).
3. The position has improved by £1.53m since September 2008. The detailed movements are explained in the report and are largely assisted by identified non-recurring sources. The position for the Environment and Culture Directorate now includes the application of the Bellwin reserve (£464k) and £200k for the HALO job evaluation costs. The use of resources would be reviewed in the light of any overall underspend.

### **August 2007 Floods and the Restoration Fund**

4. As indicated in previous reports a further allocation of central government funding for the 2007 floods was announced on 17 July 2008 that distributed the £30.6m Restoration Fund. A total of 62 local authorities received an allocation with Herefordshire's funding being £429k. The Government did not issue guidance on how the Restoration Fund should be spent because it feels that local authorities are best placed to decide what is best for their areas.
5. The allocation is a one-off source of funding and is to be allocated to the Environment & Culture Directorate to offset budget pressures in this financial year.

### **Recovery Plans**

6. Following the initial budget outturn projections for 2008/09 that indicated a £1.671m overspend the Chief Executive gave clear instructions that directorates are to deliver balanced budgets. As a result, all directorates put together budget recovery plans with the support of Financial Services. The improved position since September reflects the impact of these plans as well as the identified non-recurring funding.

### **Revenue Reserves Position as at 31 December 2008**

#### **General Reserves**

7. As at 1 April 2008 the balance on the general reserve was £6.7m. The council's Medium Term Financial Management Strategy (MTFMS) sets out the council's approach to managing general fund balances and specific reserves and ensuring a balanced budget. A key message is a move away from a higher level of general fund balances to specific reserves to deal with identified key corporate financial risks.
8. The MTFMS specified that from 2008/09 the recommended minimum level of general revenue balances would be £4.5m.
9. The projected balance on the general reserve for the end of 2008/09 financial year is as follows:

	<b>£m</b>
Balance brought forward	6.728
Transfer of the projected underspend	0.238
HALO JE	(0.200)
Projected year end balance	6.766

## **Earmarked Reserves**

10. At 1 April 2008 the council held £16.572 million of earmarked reserves. This includes ring-fenced school balances reserves of £5.657m. The following table summarises the earmarked reserves held:

<b>Reserve</b>	<b>£000</b>
Community Buildings	64
Commuted sums	78
Schools balance in hand	5,657
Industrial Estates – maintenance	223
Support Services & Equipment renewals	276
Schools Balance of Risk	289
Winter maintenance	500
Planning	24
SRB Schemes	51
College Hill Community Centre	180
Waste Disposal	2,274
LSC	32
Herefordshire Connects Project	420
Wye Valley ANOB (AONB)	79
Invest to Save/Initiatives fund	1,115
Contingent liabilities	300
Social care contingency	677
Standards fund	92
Modernisation plans	300
2008/09 budget capacity	1,500
Edgar Street Grid	41
Whitecross School PFI	108
Bellwin Threshold	505
LPSA 2 reward grant	1,148
Herefordshire Safeguarding Children Board	48
Accommodation	591
<b>Total</b>	<b><u>16,572</u></b>

## ADULT SERVICES DIRECTORATE

### Directorate Summary as at 31 December 2008

	<b>Total Budget for 2008/09 £000</b>	<b>September 2008 Net over or (-) underspending £000</b>	<b>December 2008 Net over or (-) underspending £000</b>
Adult Social Care	37,937	510	680
Supporting People	74	6	31
Modernisation	1,027	-55	-41
Commissioning and Improvement	1,267	-161	-161
<b>TOTAL</b>	<b>40,305</b>	<b>300</b>	<b>509</b>

11. The projected outturn for Adult Services is an overspend of £509k. The projection assumes the PCT will meet £850k of learning disability continuing healthcare clients.
12. The position is supported by £503k of eligible housing related support income from Supporting People. This has been allocated across all client groups within Social Care as follows; £303k Learning Disabilities, £83k Mental Health, £91k Older People and £26k Physical Disabilities.
13. There have been a number of budget transfers from the modernisation heading to learning disabilities and older people and these now form part of the base budget for these areas. This has led to an increase in the Learning Disabilities Pool Budget Contribution of £176k. The forecast underspend of £41k within modernisation is due to slippage of two schemes; carers network and additional brokerage budget which will no longer go ahead.
14. Within the learning disability service, the majority of the assessments for eligibility for continuing health care of the agreed group of 26 individuals have been completed. It is likely that the numbers deemed eligible are slightly lower than had been anticipated and the assumed budget impact has therefore been reduced from £942k as previously reported, to £850k. We await confirmation from the PCT of the final figure. Work is still on-going to transfer clients into supported accommodation which is expected to generate a further £15k of savings within the final quarter of the year. The service has also committed to pay some transition payments to aid clients into individual budgets, which has impacted on the December outturn.
15. There have been some cost increases in the provision of domiciliary care provided within physical disabilities due to a number of clients affected by recent weather conditions. The increased demand within the Community

Hospitals has led to early discharge and additional homecare packages put in place as a result.

16. There has been a reduction in the number of residential care packages within mental health. New clients, particular older people with dementia, are now benefiting from the modernisation services and the flexibility of the different spending within invest to save. The allocation of one-off supporting people grant within mental health, reductions in commitments since budgets were initially set and additional investment from modernisation has led to a forecast underspend position for mental health.
17. For older people services there is continuing pressure for payment of third party top-ups due to the lack of alternative residential care meeting the council's fixed rate.
18. The 2008/09 supporting people grant of £7.06m is now fully committed plus a further £1.4m of commitments, which have been set against the brought forward balance of £5.681m. There are a number of other pilot projects which may assist in the further utilisation of grant funding. The outturn prediction is subject to fluctuation due to the variable nature of the contracts with providers.

#### **Recovery Plan**

19. The Adults Service recovery plan is on target to produce a balanced position but continued efforts are needed to manage increased demand within the budget. Work is still on-going to transfer clients into supported living and assumptions are based on the continuation of packages to the end of the financial year.
20. Other funding sources are being explored to help fund the transformation programme and to assist the budget situation.
21. A review of high cost out-of-county placements is being carried out to look at alternative patterns of care which would ease the budget pressures.

## CHILDREN AND YOUNG PEOPLE'S SERVICES DIRECTORATE

### Directorate Summary as at 31 December 2008

	<b>Total Budget for 2008/09</b>	<b>September 2008 Forecast Net over or(-) Underspending</b>	<b>December 2008 Forecast Net over or(-) Underspending</b>
	<b>£000</b>	<b>£'000</b>	<b>£'000</b>
Inclusion & Improvement	5,672	-120	-240
Safeguarding and Assessment	10,982	-8	-30
Planning, Performance & Development	7,074	-118	-35
Locality Teams	100	0	-10
Central Directorate - budget savings to be agreed	599	252	179
Grants	1,459	0	0
<b>Total</b>	<b>25,886</b>	<b>6</b>	<b>-136</b>

22. The Directorate's financial position has improved by £142k since September 2008. There are a number of adjustments across all service areas which have contributed to the improved position.

#### Analysis of the movement in the forecasted outturn.

##### Inclusion & Improvement - £120k Improvement

	<b>Improved £'000</b>	<b>Deteriorated £'000</b>
Children with Disabilities		19
Joint Agency Management	- 105	
Early Years		99
Ed Welfare Officers		5
I&I Management	- 68	
SEN	- 9	
School Improvement Service	- 37	
Youth Service	- 37	
Youth Offending Team		13
	<b>- 256</b>	<b>136</b>

23. The Inclusion and Improvement Service budget position has improved since the end of September. The service is now expected to underspend by £240k, an

improvement of £120k. The Joint Agency Management budget is the main reason for this improvement within the Inclusion & Improvement Service with a forecasted underspend of £180k, an improvement of £105k.

24. The improved position also includes an estimated reduced match funding contribution towards Area Based Grant of £52k. This has contributed to the overall improvement of £68k.
25. The Early Years movement of £99k relates to the £100k contribution for Hollybush from the Early Years & Childcare Grant which has now been offset against Efficiency Savings within the Central Directorate.
26. The forecasts for the School Improvement Service and Youth Service have been reassessed and they have both improved by £37k but the School Improvement Service is still forecasted to overspend by £92k.
27. Other minor adjustments to the forecast have been made within the Inclusion & Improvement Service. The Vulnerable Children's budget is forecasted to under spend by £14k as advised by the budget holder, the forecast is inline with current levels of expenditure. The forecast for the Youth Offending Team has been adjusted to reflect the current agreements which have been agreed with Worcestershire CC. The Education Welfare budget has now transferred over from the Safeguarding and Assessment Service.

#### **Safeguarding and Assessment - £22k Improvement**

	<b>Improved £'000</b>	<b>Deteriorated £'000</b>
Assessment & Family Support	- 7	
Agency Placement		19
Looked After Children	- 2	
Staff Expenditure	- 32	
	<b>- 41</b>	<b><u>19</u></b>

28. Although external placements have reduced from last year's high point, the number of future placements can vary. Therefore, it is prudent to expect numbers to rise to an estimated 32 residential and fostering places during the remainder of the year. These placements can be expensive and typically each one costs in excess of £150k. Hence any additional placements will significantly impact on the forecast expenditure. Numbers have remained static this month and negotiations to obtain discounts for multiple placements with the same provider should help with future costs.
29. In-house fostering placements stood at 113 in February 2008 but numbers continue to drop and in November stood at 95. The main improvement is in the area of adoption services and is due to the reduction in the forecast on inter-agency adoption placements.

## Planning, Performance & Development (PP&D) £83k Deterioration

	Improved £'000	Deteriorated £'000
Management PP&D	- 13	
Property		26
Transport		70
	<u>- 13</u>	<u>96</u>

30. Small adjustments have been made to reflect staffing and structural changes which have resulted in budgets transferring between Property and Management.
31. The forecasted underspend on the Transport budget has decreased by £70k since the end of September from £179k to £109k. Work is still ongoing to develop a robust monitoring and forecasting system for transport expenditure, so there is a degree of risk with the current forecasting figures.

## Community Operations - £10k Improvement

	Improved £'000
Management CO	10
	<u>10</u>

32. The Head of Service cost centre is now forecasting to under spend by £10k due to the vacancy which existed during the summer of 2008.

## Central Directorate - £73k Improvement

	Improved £'000
Efficiency Savings	- 70
Central Management	- 3
	<u>73</u>

33. The overall central directorate overspend has improved by £73k since September this is due to the £100k contribution for Hollybush from the Early Years & Childcare Grant which has now been offset against Efficiency Savings within the Central Directorate. The cost of advertising for new Heads of Service and interim management costs have also contributed to the projected overspend by £75k.

## Dedicated Schools Grant 2008/09

34. An under spend in Dedicated Schools Grant (DSG) of £1.1m is currently forecast comprising backdated charitable rates relief for voluntary aided schools (£417K), further savings are expected as more VA schools complete and return the application forms, Joint Agency Management and other education only placements (£328k) and the additional grant (£112K). Spending on banded funding is now expected to be on budget. DSG is ring-fenced and any under or over spend must be carried forward to 2009/10. Director of Children's Services recommends the underspend is used to offset increasing costs in 2009/10



which are incurred centrally because of the impact of falling rolls in Herefordshire Schools and subsequent redundancies.

## DEPUTY CHIEF EXECUTIVE DIRECTORATE

### Directorate Summary as at 31 December 2008

	<b>Total Budget 2008/09 £000</b>	<b>September 2008 Net projected over or (-) under spend £000</b>	<b>December 2008 Net over or (-) under spend £000</b>
Herefordshire Connects	1,137	1,387	1,387
<b>Less:</b> Reserves (Herefordshire Connects)		-1,387	-1,387
	243	40	-10
Herefordshire Partnership	395	0	-10
Communications	283	0	-20
Director and Administration	157	0	0
Emergency Planning	2,609	180	180
Legal and Democratic	1,777	-50	-50
INFO	737	0	-10
Policy & Performance	363	0	0
Information Services	766	0	-50
Corporate ICT Projects	1,019	0	0
ICT Services	59	0	-20
Corporate Programmes	1,100	0	-10
Community Network Costs	1,427	50	0
Human Resources			
<b>TOTAL</b>	<b>12,072</b>	<b>220</b>	<b>0</b>

35. In November Cabinet considered the proposals for a refreshed Herefordshire Connects Programme, including costs over a 5 year period. The additional costs identified for 2008/09 were £1.4 m to be met by a combination of £420k Herefordshire Connects Reserve and £980k of the Invest to Save reserve.

36. The Legal and Democratic Services budget pressure is due to a reduction in income for Land Registry. Private sector companies are now competing for this income, and the current trend suggests income will be less than budget by £130k. Work is underway to look at the charges for land charges enquiries. The costs relating to the Coroner's Services is uncertain as the council is now required to pay for inquests for service personnel. Additionally costs of up to £50k will be incurred for an inquest in which there was a Coroner's error last year.
37. INFO has additional funding of £500k in 2008/09, at the current full establishment this would generate a £50k under spend. However the purchase of additional CRM licences and maintenance could cost £80k. The customer services strategy is currently being reviewed to assess how the service is taken forward.
38. The Corporate Programmes budget is funded from generating income through work on projects. Any change in the demand for corporate programmes involvement will affect the budget outturn.
39. ICT is operating to a balanced budget, assuming SLA income of £2.3m and recharges to directorates for project work of £500k. To help deliver the ICT strategy £247k has been allocated to Corporate ICT Projects as part of the 2008/09 budget.
40. For 2009/10 it is proposed that ICT and Corporate Programmes move to a base budget funded approach rather than rely on recharging for their services.

#### **Human Resources**

41. Human Resources is now included within the Deputy Chief Executive's Directorate. There are budget pressures in this area due to the need to fill interim vacancies using agency staff and the recruitment of a new CRB team without budget being identified. This pressure is addressed in 2009/10 with the allocation of £88k.
42. Savings have been identified to balance the budget in 2008/09. Within HR it is expected that careful budget management for the remainder of the year should enable a break-even position to be achieved.

## ENVIRONMENT & CULTURE DIRECTORATE

### Directorate Summary as at 31 December 2008

	<b>Total Budget 2008/09 £000</b>	<b>September 2008 Net over or (-) under spending £000</b>	<b>December 2008 Net over or (-) under spending £000</b>
Highways	5,932	645	1,343
Environmental Health and Trading Standards	2,130	0	0
Waste Management	11,551	110	-450
Culture & Leisure	7,757	300	200
Directorate Management & Support	358	0	0
Less: Restoration Fund	0	-429	-429
Bellwin threshold reserve	0		-464
General reserve contribution to HALO Job Evaluation	0		-200
<b>TOTAL</b>	<b>27,728</b>	<b>626</b>	<b>0</b>

43. The position for the directorate is assisted by the non-recurring funding available in 2008/09 with the Council's £429k Restoration Fund allocation being applied to meet costs associated with the 2007 floods.
44. Following the floods in September and November 2008 Highways incurred total emergency repair work of £633k. The council was able to apply for funding for this work under the Bellwin scheme, although the first £433k and 15% of any further claim (currently £31k) has to be funded by the council. A specific reserve was set up to cover this threshold and the forecast assumes that this is applied to meet the costs incurred up to the threshold. However the final position will depend on the overall outturn.
45. Cabinet has agreed that the additional costs payable to HALO in relation to increased job evaluation costs will be funded from reserves on a one-off basis. In future additional budget provision will be included within the MTFMS to deal with these costs.
46. After taking account of the funding from general and specific reserves the revised forecast for Environment and Culture will be a break even position.
47. Agreement had previously been given that an additional £200k of costs to support the service delivery review will be met from increased corporate investment income.

## **Highways**

48. The current budget projections include a forecast overspend on winter maintenance of £700k following a reported 'coldest December for 30 years' and on-going 'cold snap' into 2009. There is a £500k winter maintenance reserve available for one-off funding but this is for exceptional conditions. The current projection does not include drawing on this non-recurring source of funding. Its use will be a matter for decision making during the closedown of accounts.
49. Car parking fee income was expected to increase in 2008/09 following the introduction of parking fee increases on 1 June 2008. Despite the increase in charges, the overall income received to the end of December indicates a £240k reduction on the previous year. The assessment is that the economic slow down has affected the level of income.
50. The de-trunking of the A465 has seen a £140k grant allocated to the council for road maintenance. The Director's initial assessment was that this would be required in full in 2008/09, however £100k of the grant will now be used to fund additional winter maintenance costs.
51. There is pressure on the Highways' budgets in relation to contract inflation on Roads Maintenance and Street Cleansing. Whilst every effort is being made to manage these pressures within budget, Street Cleansing is likely to overspend by £90k.
52. A saving of £50k through staff vacancy management will be achieved due to the recruitment freeze pending the service delivery review. Overall there is a projected £1,343k overspend on highways before taking account of transfers from reserves.

## **Environmental Health & Trading Standards**

53. The overall assessment is that this will balance to the budget although Markets and Fairs face continuing pressure.

## **Waste Management**

54. It is projected that Waste Management will be under budget by £450k. This overall position includes contract inflation increases on the Waste Collection contract of £350k. This will be mitigated by an under-spend on Waste Disposal of £700k and forecast increased income of £100k for commercial waste.
55. Current estimates from Worcestershire County Council (WCC) of Waste Disposal contract costs project an expected underspend of £700k on Herefordshire's Waste Disposal budget for 2008/09 and this is included in the overall projection. This revised estimate reflects a reduction due to credits received for the Weee (Waste electrical and electronic equipment) expenditure following the agreement of the contract variation and a revised forecast for tonnages which in general have reduced. The total reduction in forecast costs due to these two factors is £200k.
56. The cost of the new waste disposal contract will be considerably higher than at present. In previous years any in-year underspend on the contract has been be

transferred to reserves to meet future waste management pressures. The MTFMS includes an increase of £500k per year to the Waste disposal budget.

57. There are risks that if waste growth/reduction between Herefordshire and Worcestershire varies by more than 1% to the detriment of Herefordshire then Herefordshire will need to increase its contract payments by £300k. Currently Worcestershire's waste tonnages are decreasing at a faster rate than Herefordshire's and there are risks that the trigger point could be hit. However, the latest analysis suggests this will not be an issue in 2008/09.

### **Culture & Leisure**

58. An overspend of £200k is currently predicted for Culture & Leisure. This includes an expected overspend of £200k in relation to the HALO job evaluation payment issue. The council has a legal requirement to meet in full the financial impact of increases in pay of transferred posts affected by the single status agreement. The original central budget was set based on assumptions that were reasonable at the time about pay grades. Over time funding has become insufficient as staff have progressed through pay grades. For 2008/09 this will be met by transferring the sum from reserves at year end. From 2009/10 the amount is being built into the council's base budget.
59. The other main area of overspend is the cost of maintaining public access PCs within Libraries which resulted in an overspend of £88k in 2007/08. This year this is likely to £80k. One-off savings within the Library Service have been identified to mitigate this cost. Budgets will need to be reviewed in future to deal with this recurrent cost pressure.

### **Directorate Management and Support**

60. The 'Big Conversation' consultation exercise is estimated to cost £78k with costs being met from vacancy management. The overall position is that the budget will balance for this area when vacancy factors are taken into account.

### **Recovery Plan**

61. At this stage of the year there is an estimated break even financial position at year end but this will continue to be carefully monitored.

## REGENERATION DIRECTORATE

### Directorate Summary as at 31 December 2008

	<b>Total Budget for 2008/09</b>	<b>September 2008 Net over or (-) underspending</b>	<b>December 2008 Net over or (-) underspending</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Planning	1,866	162	291
Transportation	3,928	0	0
Economic & Community	2,257	0	-53
Strategic Housing	1,919	273	160
Management & Admin	462	-95	-192
<b>TOTAL</b>	<b>10,432</b>	<b>340</b>	<b>206</b>

62. The latest position is a forecast overspend of £206k, an improvement of £134k since the September position. The pressure areas remain Planning and Strategic Housing.

#### Planning

63. The outturn forecast for Planning has deteriorated significantly since the September forecast. The levels of income generated from planning applications and building control charges are closely tied to the external economy and housing market. The position has fluctuated significantly over recent months, making projections particularly difficult. For November the income was approximately 50% less than the previous month, and this reduction did not match trends from previous years.
64. The annual budgeted income target for planning fees is £1.224m, requiring an average monthly income of £102k. At the end of December the average monthly income received was £81k. The worst case forecast income shortfall, taking all factors such as previous seasonal trends into account is £380k, however given the fluctuations experienced to date the final position could still vary considerably.
65. The forecast includes planning delivery grant of £198k which will be used to offset the position. There is also an assumption that the ESG project will pay for some pre-application planning advice. The forecast includes an estimate of expected vacancy savings.
66. A number of cost pressures remain. These include monthly costs for scanning

of plans that will continue until a new system is implemented. Legal and consultant costs of £63k have already been incurred due to planning appeals and more costs could arise. ICT service level agreement costs of £70k remain an unfunded pressure. A further pressure around storage costs at the Modern records Unit (MRU) has emerged due to a step increase in fixed costs at the MRU. The indicative increase is being reviewed against the statutory retention periods for planning documents.

67. Overall Planning Services is currently projected to overspend by £291k.

### **Strategic Housing**

68. Based on the latest projections Strategic Housing is predicted to overspend by £160k by the end of the year, a significant improvement on the previous position.
69. The projected cost of Bed & Breakfast (B&B) accommodation is calculated on a number of scenarios. Taking a prudent view based on current levels of occupancy and assuming that the same percentage fluctuations occur in the remainder of this year (as happened last year) produces a forecast overspend of £125k.
70. Progress has been made in reducing the numbers in B&B accommodation. The position at the end of September was 15 families, 18 singles and one other. At the end of December this had reduced to just 11 singles.
71. Opportunities to provide cheaper accommodation throughout the county are being pursued. The council has been able to secure the use of four accommodation units in Ledbury on a company let basis enabling homeless families to be housed temporarily without the expense of B&B.
72. Applicants presenting themselves as homeless are often placed in B&B pending assessment. Assessment interviews are now taking place within three days of applications being received and a decision about eligibility is now made within a week of the interview. The homelessness team are taking a more robust line with applicants who fail to attend appointments for assessment. Any applicants who miss more than two appointments will now lose their entitlement to temporary accommodation. A group of officers headed by the Homelessness Manager meets each week to consider the more challenging applications. The Head of Service attends as required to support and agree approaches taken, particularly in complex cases.
73. Work is progressing on formulating a charging policy for those placed in temporary accommodation. Currently the only income received is via Housing Benefit. It is proposed that charges will be based on rents charged by registered social landlords for those in employment. Many clients will be able to claim housing benefit. Likely savings in 2008/09 would not be significant but may have a positive effect on further reducing homelessness costs.
74. Working in partnership with the Housing Needs and Development Team, progress is being made in expanding the use of private rented property as temporary accommodation through the expansion of the council's Private Sector Leasing Scheme. This is expected to impact positively on the use of Bed and Breakfast accommodation over coming months.

## **Economic & Community Services**

75. The Government Office for the West Midlands (GOWM) has agreed in principle that there is likely to be a clawback of grant used for the ARCH project. The position will undergo evaluation by GOWM for a decision.
76. The Council is likely to have some indications of the outcome in mid February. The total grant claimed to date has been £871k and the clawback will be based on an unknown percentage of this sum.
77. A number of savings in staffing and operational costs have been identified across the service area totalling £53k.

## **Transportation**

78. A potential overspend of £49k on rural bus subsidy contract increases has emerged, however it is assumed that the increases will be offset by a reduction in concessionary fares. The current evidence is that usage is reducing over the colder winter months.
79. Some bus companies increase their fares in January and February so there could potentially be an increase for some bus routes, although current fuel levels suggest this may not have as big an impact as previously anticipated. At this point an overall break even position is anticipated for Transportation.

## **Directorate Recovery Plan**

80. There is £95k unallocated budget within the Management heading which will be retained as a contingency budget to offset the overspending in the current year.
81. The forecast of £206k overspend includes a number of savings identified since the last update. These include:
  - Vacancy savings of £130k based on freezing all vacancies till year end.
  - Operational savings in Economic Development of £53k.
  - Pre-application advice charge to ESG of £50k
82. Whilst there are no direct actions that can be taken to improve planning income, the forecast is a worst case estimate based on income to date and previous trends. It remains to be seen if central government action to boost the economy will have any impact on fee income in this financial year.
83. The homelessness position continues to improve and provided the actions already in place continue there is unlikely to be a further deterioration unless external economic factors impact.



## CORPORATE BUDGETS

Summary as at 31 December 2008

	<b>Total Budget 2008/09 £'000</b>	<b>September 2008 Net over or (-) underspending £000</b>	<b>December 2008 Net over or (-) underspending £000</b>
Corporate Budgets	2,824	0	0

84. Expenditure is expected to remain within budget for Corporate Budgets. It includes the Organisational Development Fund that is ring fenced for future spend and the balance kept on a reserve.
85. The current assessment is that an additional £500k will be realised against the council's borrowing budget. This is due to slippage in the capital programme, delaying external borrowing by using internal reserves and the application of a new capital regulation allowing the delay of minimum revenue provision (MRP) until the year following that in which the asset is operational.
86. The anticipated out-turn for investment income is an under spend of £300k of which £200k will be used to support the service review project.

## RESOURCES DIRECTORATE

Directorate Summary as at 31 December 2008

	<b>Total Budget 2008/09 £'000</b>	<b>September 2008 Net over or (-) underspending £000</b>	<b>December 2008 Net over or (-) underspending £000</b>
Asset Management & Property Services	3,611	0	0
Audit	418	0	20
Benefit and Exchequer	2,077	0	-60
Financial Services	2,072	0	0
Central	178	0	40
<b>TOTAL</b>	<b>8,356</b>	<b>0</b>	<b>0</b>

### **Asset Management & Property Services**

87. At this stage of the year it is estimated the service will stay within its cash limited budget. However, additional expenses for office accommodation are creating pressure. These include the adaptation costs at Plough Lane, other associated costs and dual running costs while buildings are not vacated. Utility costs will be a pressure and whilst this is likely to be manageable this year the assessment is that this will be a significant cost pressure in 2009/10.
88. The Asset Management and Property Services is currently reviewing the recharges it makes for depot facilities used by AMEY.

### **Audit Services, Benefit and Exchequer Services and Financial Services**

89. At this stage of the year there is an estimated break even financial position at year end.
90. The various resources teams continue to help deliver the £750k efficiency savings forming part of the council's 2008/09 budget.
91. The overspends identified against the Audit and Central headings are due to changes in staff costs which will be offset by one-off savings in Benefits and Exchequer.