

2009/10 REVENUE BUDGET MONITORING

Summary

- The following table summarises the 2009/10 projected outturn as at the end of September 2009.

| Area | 2009/10 Budget £000 | Projected net over or under (-) spend £000 |
|-----------------------------|------------------------|--|
| Integrated Commissioning | 38,486 | 2,142 |
| Children & Young People | 23,999 | 945 |
| Deputy Chief Executive | 15,220 | 0 |
| Environment and Culture | 28,028 | -422 |
| Regeneration | 9,994 | -75 |
| Central Services | 2,455 | 0 |
| Resources | 7,901 | 0 |
| Directorate Position | 126,115 | 2,590 |
| Borrowing | 13,346 | -480 |
| Investments | -249 | 22 |
| LABGI | 0 | -87 |
| Pay Award Savings | 0 | -553 |
| Social Care Contingency | 0 | -926 |
| WMS Profit Share | -546 | 0 |
| Transfer from Reserves | -948 | 0 |
| Total Budget | <u>137,718</u> | <u>566</u> |

- The overall revenue budget position for 2009/10 shows a projected £566k overspend. This is approximately 0.4% of the council's £137.7 million revenue budget (excluding Dedicated Schools Grant funding).
- The projected overspend in the Directorates is mitigated by use of the Social Care Contingency Reserve on current projections. This reserve is likely to be fully utilised in 2009-10 leaving no balance to fund potential issues in future years.
- There is an anticipated underspend of £480k on the council's borrowing, which is due to slippage on the 2008/09 capital programme and management of external borrowing, resulting in a reduced minimum revenue provision (MRP) for debt repayment and less external interest payable in the year.

5. The agreed 1% pay award was less than the 2% budgeted and resulted in a saving of £553k, which has been removed from staff budgets across the directorates.
6. Savings of £700k arising from Hereford Connects are included in service budgets. Specific savings targets within directorates have been identified and the appropriate level of budget will be transferred from directorates to match the savings delivered by the programme.

Revenue Reserves Position as at 30th September 2009

General Reserves

7. As at 1 April 2008 the balance on the general reserve was £6.4 million. 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 projected balance on the general reserve for the end of 2009/10 financial year is as follows:

| | £m |
|---------------------------------|-----------|
| Balance brought forward | 6.390 |
| Meeting the projected overspend | (0.566) |
| Budgeted transfer | (1.000) |
| Projected year end balance | 4.824 |

Earmarked Reserves

9. At 1st April 2009 the council held £16.064 million of earmarked reserves. This includes ring-fenced school balances reserves of £5.476m. The following table summarises the earmarked reserves held:

Earmarked Reserves

£'000

Further information on the subject of this report is available from
Anne Phillips Head of Financial Services (01432) 383173

| | |
|---|----------------------|
| Commuted sums | 78 |
| Schools balance in hand | 5,476 |
| Industrial Estates – maintenance | 333 |
| Support Services & Equipment renewals | 80 |
| Schools Balance of Risk | 85 |
| Winter maintenance | 500 |
| Planning | 24 |
| College Hill Community Centre | 180 |
| Waste Disposal | 2,774 |
| LSC | 32 |
| Wye Valley ANOB (AONB) | 104 |
| Invest to Save/Initiatives fund | 1,079 |
| Contingent liabilities | 300 |
| Social care contingency | 926 |
| Modernisation plans | 454 |
| Edgar Street Grid | 150 |
| Whitecross School PFI | 202 |
| LPSA 2 reward grant | 1,482 |
| Carbon Reserve | 30 |
| Schools Redundancies | 294 |
| Service Delivery Review | 112 |
| Schools Rates Reserve | 869 |
| Economic Development | 346 |
| Herefordshire Safeguarding Children Board | 21 |
| Accommodation | 133 |
| Total | <u>16,064</u> |

10. A summary of the key variations between projected outturn and budget for each directorate is provided in the following paragraphs.

INTEGRATED COMMISSIONING DIRECTORATE

Directorate Summary as at 30th September 2009

| | Total Budget for 2009/10 £000 | Net over or (-) underspending £000 |
|-------------------|--|---|
| Adult Social Care | 38,291 | 2,252 |
| Supporting People | 32 | 0 |
| Modernisation | 163 | -110 |
| Total | 38,486 | 2,142 |

11. Adult Social Care expenditure is principally focused on four main client groups, Older People, Learning Disabilities, Mental Health and Physical Disabilities. Costs relate to care packages that range from basic in-home assistance to complex needs addressed through specialised residential care and nursing packages. Packages can be commissioned through a number of ways such as block contract provision with major suppliers or direct payments to clients to allow them to purchase their own care.
12. The net budget for Adult Social Care is £38.5m, however gross expenditure is significantly higher at £59m. Expenditure is offset by income of £21m received from charges made to clients and grant funding.
13. As at 31st September the total number of clients being supported by adult social care was 4,036. Some clients receive more than one care package and the total number of packages to end of September was 6,200.
14. The forecast net overspend of £2,142k is based on existing commitments projected forward in combination with a realistic forecast of the recovery measures that have been identified and implemented to date.
15. The forecast for Learning Disabilities has deteriorated by £280k since July due to increases in residential costs and agency staff. Actions to reduce costs include utilisation of contract voids and this is expected to mitigate cost increases by up to £200k.
16. There have been significant increases that are above the set budget levels within Physical Disabilities including five individual budget packages provided at a cost of £120k.
17. There has been an improvement in the Mental Health position due to a reduction of seventeen residential packages since April, although the number of nursing packages has increased by seven. The position for Older People has also improved, this is principally due to the allocation of additional Area Based Grant over the level previously anticipated.
18. The forecast underspend on modernisation has reduced. Budget capacity that was assumed to be offsetting the in-year overspend has now been committed to a

temporary emergency safeguarding team needed to address a number of home closures. There is an expectation that this additional resource will be needed on a permanent basis.

19. Continuing Healthcare (CHC) represents a significant budget risk that could lead to increased costs. The forecast includes new commitments of £150k due to recent re-assessment of clients no longer meeting CHC criteria. There is potential for further re-assessments to be undertaken this year and depending on the outcome additional costs may need to be picked up by the council. The full year effect of these CHC re-assessments could be over £1 million. This will be factored into the financial planning process for future years.

Recovery Plan

20. Recovery measures already identified and deemed to be realistically achievable have now been factored into the latest out-turn forecast. Responsibility for specific recovery measures has been allocated to the relevant managers and progress is regularly monitored. Some of the measures will take more time to implement and therefore will not have a significant impact on the current year position. The plan includes the following;
 - a. A review of costly Learning Disability packages where opportunities exist to transfer clients into supported living- this is unlikely to realise significant savings in 2009-10 but will have an impact in the following year.
 - b. Review all expensive out of county placements - unlikely to realise significant savings in 2009-10 but will have an impact in the following year.
 - c. Review the level of voids in existing contracts to ensure maximum value is being achieved – progress has been made and further savings are expected to be realised by the end of 2009. Immediate action has been taken to address this within the panel process.
 - d. Consider the flexibility within supporting people grant and carried forward underspend where opportunities exist to fund social care costs –a report on this issue is being prepared for Adult Social Care Scrutiny Committee in December.
 - e. Consider the flexibility within capital grants to enable revenue costs to be capitalised where appropriate.
 - f. Review individual budgets where costs exceed previous client packages.
 - g. Review procedures for agreeing client top-up payments to reduce the current level of cost.
 - h. A 10% reduction in operating costs for the remainder of the year – this is being implemented.
 - i. Review transport arrangements including route rescheduling and external transport – this is currently being piloted within Adult Services and savings will start to be made in December.

CHILDREN AND YOUNG PEOPLE'S SERVICES DIRECTORATE (CYPD)

Directorate Summary as at 30th September 2009

| | Total Budget 2009/10 £000 | Net over or (-) under spend £000 |
|--|--|---|
| Inclusion & Improvement | 4,949 | -9 |
| Safeguarding and Assessment | 11,898 | 857 |
| Planning, Performance & Development | 6,537 | -42 |
| Community Operations | 103 | 17 |
| Central Directorate - budget savings to be agreed | 512 | 122 |
| Total | 23,999 | 945 |

21. The projected outturn overspend of £945k is based upon reviews undertaken with service managers and incorporates actual expenditure for periods 1-6, forecast to year end.
22. As previously reported the major area of concern continues to be the increasing pressures across most aspects of Safeguarding children. Since the Baby Peter case there has been a substantial national increase in child protection referrals and this has led in turn to increased applications through the courts. On 20th October 2009 Cafcass (the organisation representing children in family courts) reported that *"the three months to September saw an increase in care applications to England's courts of 688 cases, a 47% rise. The figure for June was the highest ever recorded for a single month"*.
23. Across Herefordshire in the 12 months to September 2009 there has been an increase of 29% in the numbers of children in agency fostering placements (an increase from 17 to 22) or 220% over 15 months (from 10 children to 22). Costs for agency placements have increased by 30% since last year and are £409k over budget for 2009/10 (which was set at £145k below the 2008/09 actual expenditure levels). In addition costs are £22k over budget for residential placements.
24. **Recovery Plan Actions on Looked After Children** – the Assistant Director for Safeguarding (ADS) has implemented a complete review of all high value cases to ensure that placements are effectively monitored and managed. To date the Head of Service (in conjunction with the contracts officer) has reviewed 15 cases to identify RAG ratings / exit strategies and options for changes whilst still ensuring the best outcomes for the children. In addition a formal panel is being constituted to ensure robust monitoring of all cases on an ongoing basis. A new joint agency 'Edge of Care' panel will also be developed in the next three months.

25. The increased levels of referrals for children taken into care has led to a corresponding increase in court referrals, as flagged by Cafcass above. This combined with legislative changes has resulted in a doubling of court costs from 2008/09 (£111k) to 2009/10 (£210k). It is now evident the budget set by the directorate did not reflect realistic expenditure levels based upon last year costs and is currently projecting an over-spend of £180k versus the £30k budget.
26. **Recovery Plan Actions re. Court Costs** – The ADS has requested the legal team to provide full details of all costs incurred to date and also mandated that any court requests for assessment are authorised in advance by the Service Manager to reduce duplication of assessments and minimise costs. The impacts of these changes will be closely monitored and reported back in future Cabinet reports.
27. Recent court rulings (Homeless 16/17 year olds re: R(G) v Southwark LB) have resulted in a requirement for Children’s services to provide accommodation for homeless 16/17 year olds who are below the minimum age to be covered by adult housing provisions. The estimated cost of this will be £95k for 12 16/17 year olds in Herefordshire to the end of the financial year.
28. **Recovery Plan Actions re. Homeless 16/17 year olds** – to investigate whether these costs can be funded from the Supporting People grant.
29. A further budget pressure within Safeguarding is the additional contract cost of £40k for emergency duty cover following the withdrawal by adult social care from the Worcester contract.
30. **Recovery Plan Action EDT contract**– the contract is fixed until March 2010, but the ADS is currently reviewing options to either bring in house or share a service with Social Care.
31. Transport costs for contact visits are also expected to overspend this year as the impact of overspends within the area which provides the service, are being passed on proportionately.
32. **Recovery Plan Action Transport costs** – ADS is currently reviewing options to bring the contracts in house within the schools transport team from 1/4/10.
33. There are ongoing pressures on staffing costs within the Safeguarding team, which relate largely due to the additional costs for an interim Assistant Director pending permanent recruitment. This has now been resolved however Herefordshire Children’s Services continue to suffer from the national shortage of social workers and have a heavy reliance on locums / interims whilst trying to recruit permanent staff. Current vacancies are however broadly absorbing the additional costs for the interim social workers.
34. **Recovery Action Plan – staffing issues** – the pressure relating to the Assistant Director role is resolved and management are actively recruiting to enable a reduced reliance on interim staff. There are currently 8 interims within 10.4 vacancies (of which 5 offers have been made with further interviews scheduled), a further 2 posts will fall vacant shortly as staff work notice periods. The ADS is planning to reduce the numbers of locum social workers as soon as practical. However, it should be flagged that the appointments are newly qualified social workers and therefore a high level of supervision / management and mentoring will be required.
35. There are a number of budget pressures elsewhere within CYPD, being managed internally including funding for ICT/licence costs and anticipated changes in pay

grading for Educational Psychologists and potential income pressures (e.g. INSET training).

36. As reported in the last Cabinet report the CYPD Directorate Leadership Team has now held the away day with the support of the Resources Directorate to consider options for achieving the necessary savings. They are undertaking a radical review of all of services provided, categorising them as statutory / essential / desirable and assessing the best options for providing these services in the future.
37. This initial work has been shared by the Director with colleagues at JMT and was favourably received. Further meetings have already been held and more are planned in the near future to refine and develop the initial models to provide full costings and identify potential savings, but this work will not have an immediate impact on the current year over-spend.
38. **Recovery Plan Actions** – further actions being considered by the Director to make savings include holding all vacancies for 6 weeks and stopping out of county training without approval. In addition all grants will be scrutinised to ensure that maximum use is made of them to allocate costs (where-ever appropriate within the terms and conditions of the individual grants).

Other Pressures not included in projected outturn

39. The projected outturn reports local authority pressures only. Children's Services work is also funded by a wide range of grants and other funds. There are additional pressures in these areas which are also being addressed. They include the Music Service (£259k) deficit, offset by other savings to give a net Dedicated Schools Grant (DSG) pressure of £177k, and there is an unbudgeted pressure to support the Virtual Learning Environment (VLE) project until the SLA with schools starts in January 2010 – the cost of this is circa £40k. The ADS is flagging potential pressures that may emerge from the outcomes of the Social Work Task force, amongst areas under consideration is social worker case load. It is possible that legislative changes may be introduced (in the light of Baby P) to reduce case loads to circa 15 per social worker. They are currently above this level within CYPD. If this should happen it is estimated by CYPD that up to 10-12 additional social workers at a cost of £370-480k may be needed.

Dedicated Schools Grant

40. DCSF have confirmed DSG at £84.5 million for 2009/10 although this may still be adjusted for the recoument for Hereford Academy. School budgets are determined by formula funding from the DSG and sixth forms from an additional £2.75m grant from the Learning & Skills Council (£2.75m). £78.8m has been delegated directly to schools and any under or overspend will be carried forward as part of school balances. Schools are required to set a balanced budget and for those schools in budget difficulties a deficit recovery plan must be agreed by the council. At the end of 2008/09 six schools were in deficit and the total deficit was £262k. All these schools are working to an agreed recovery plan.
41. Dedicated Schools Grant also funds some central services largely for individual pupils and it is expected that there will be some variances at year end for Banded Funding (£120k over) SEN Support Services(£54k under), Trade union facilities agreement (£30k over), Primary catering costs (£20k over) offset by increased grant of £33k. In any case DSG grant regulations require that any under or over spend is carried forward and allocated in the next financial year.

Schools Financial Issues

42. In 2008/09 rates rebates of £1,054k were received for charitable rates relief for voluntary aided schools going back to 2000. The rebates (£186k) relating to 2008/09 were carried forward as part of the DSG under spend and the remaining £869k for the period 2000-2008 has been carried forward as a reserve.
43. On the recommendation of the Department for Children Schools and Families (DCSF) legal advice has been sought on the possible uses of the rates rebates. The advice is that the rates rebates relating to the period 2000-2009 should be added to the overall schools budget in order that it can be available for the benefit of all the Council's schools. Specifically, it is advised that "there is a one-off increase in the per pupil allocation in the year that the allocation is made".
44. In view of the legal advice Schools Forum on 29th September agreed to distribute all the £1,054k rates rebates money to schools on a formula basis to be devised by School Forum Budget Working Party. This formula will ensure a fair distribution over a set period of time to ensure that the additional funding is not immediately clawed back from schools through the balance claw-back scheme. The Schools Forum Budget Working Party meets on 13th November to consider some proposed distribution models.
45. There are further funds available for redistribution to schools from DSG carry forward (£1,280k) and it is proposed that these should be used for investment purposes in one-off projects. These projects should ensure on-going improvements, developments and efficiencies including ICT developments, resources for schools and contributions towards any Building Schools for the Future initiative that may benefit Herefordshire. Detailed business cases are to be considered by Schools Forum on 7th December 2009.

DEPUTY CHIEF EXECUTIVE DIRECTORATE

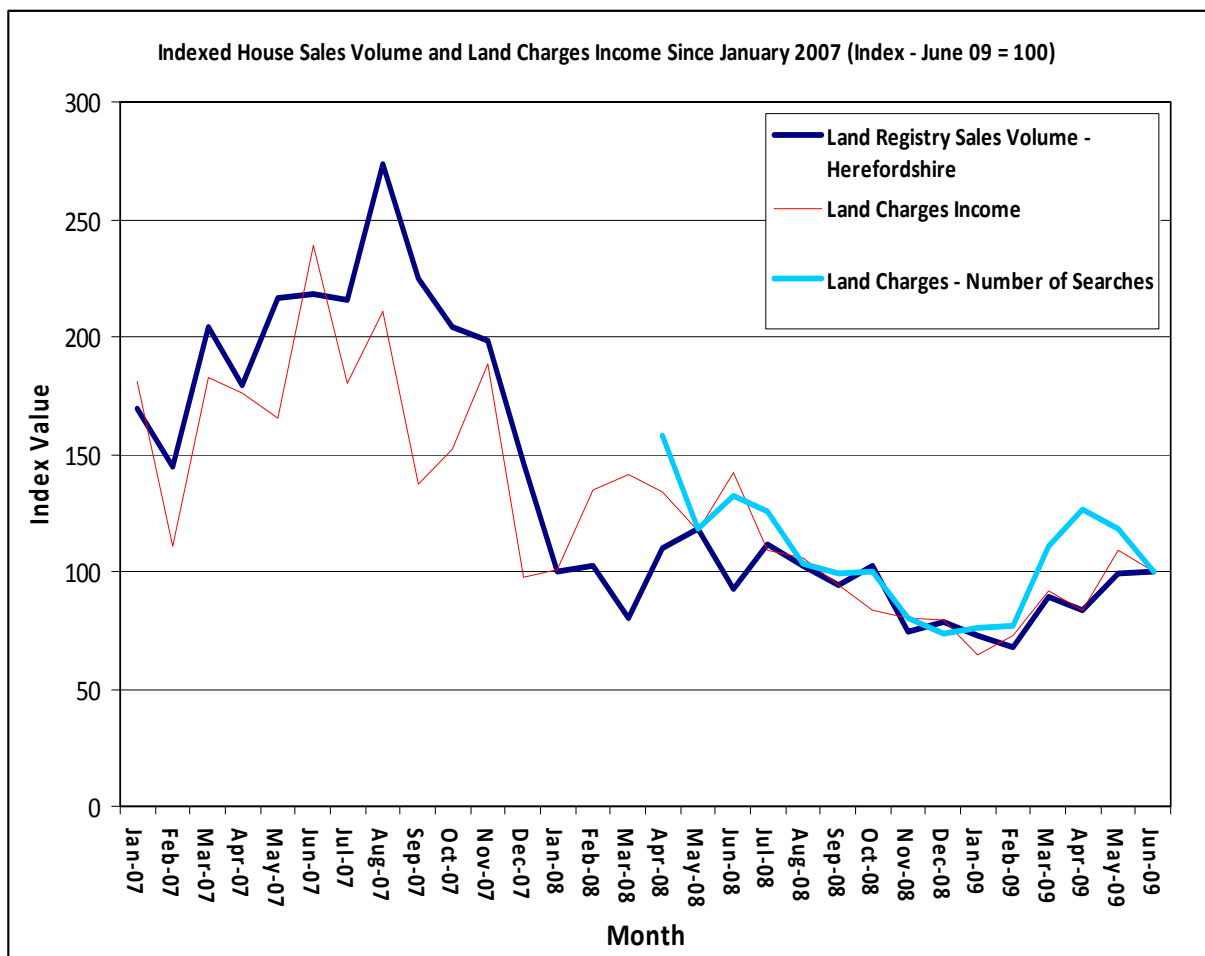
Directorate Summary as at 30th September 2009

| | Total Budget 2009/10 £000 | Net projected over or (-) under spend £000 |
|-----------------------------|--|---|
| Herefordshire Connects | 1,463 | 0 |
| Herefordshire Partnership | 199 | 0 |
| Communications | 393 | -28 |
| Director and Administration | 271 | 0 |
| Legal and Democratic | 3,020 | 344 |
| INFO | 1,725 | -86 |
| Policy & Performance | 740 | 0 |
| Information Services | 367 | 0 |
| Corporate ICT Projects | 880 | 0 |
| ICT Services | 3,574 | -230 |
| Corporate Programmes | 55 | 0 |
| Community Network Costs | 1,030 | 0 |
| Human Resources | 1,503 | 0 |
| Total | 15,220 | 0 |

46. As part of the initial budget process the Deputy Chief Executive asked Heads of Service to identify budget capacity that could be held back to cover emerging budget pressures. This budget capacity was ring-fenced within service areas and is shown within the directorate summary as underspends within ICT, INFO, and Communications.
47. The key area of forecast overspend is Legal and Democratic Services where there are several significant budget pressures. These include:
- a. Unbudgeted staff costs (3 FTE) within the Member's Services establishment required to meet increased demands for committee support. This will cause £110k overspend.
 - b. A reduction in income from the PCT of £43k in relation to legal support.
 - c. A judicial review of a previously held inquest has been ordered, which is likely to result in a £60k additional costs.
 - d. A shortfall in income for land charges of £80k. This is due to external economic conditions affecting the housing market and competition from the private sector. An analysis of the market conditions is provided below.
48. Local Land Charge searches are used to determine whether there are any land

charges (a restriction or liability placed on ownership of a property or piece of land) placed on the deeds of a property. Most searches will normally take place upon the prospective purchase of a property. Therefore, because of this the income generated by the Land Charges team is closely related to the sales volume in the wider housing market.

49. This relationship is confirmed in the graph below, the graph also shows that compared to the market peak in August 2007, house sales volume has fallen 63%. This has created a budget pressure on the land charges income, as the widely reported pick up in House sales was from a very low base, and therefore the Land Charges income is likely to miss its income target by £80k.
50. In addition, the private sector compete to deliver searches which the Land Charges team offer and this has provided an additional threat to the council income.



51. At this point Human Resources is projected to come in within budget.

Recovery Plan

52. The new Interim Assistant Chief Executive – Legal and Democratic is working with colleagues corporately to address a range of issues to ensure that Legal and Democratic Services are fit for purpose, including finding ways to address the budget issues and producing a robust recovery plan. It is expected that a preliminary review of Legal Services and a recovery plan will be completed by the end of November, and the review of Democratic Services by January.

ENVIRONMENT & CULTURE DIRECTORATE

Directorate Summary as at 30th September 2009

| | Total Budget 2009/10 | Net over or (-) under spend |
|--|---------------------------------|--|
| | £000 | £000 |
| Highways | 6,335 | -90 |
| Environmental Health and Trading Standards | 694 | 0 |
| Waste Management | 12,494 | -732 |
| Culture & Leisure | 7,515 | 25 |
| Directorate Management & Support | 349 | 0 |
| Emergency Planning | 153 | 0 |
| Community Safety | 117 | 0 |
| Managing Agent Contract (MAC) Client Team | 110 | 0 |
| MAC Services | 261 | 375 |
| Total | 28,028 | -422 |

53. The overall outturn position for Environment & Culture is a net underspend of £422k.
54. The MTFMS allocated additional funding of £500k per annum for the Waste Management PFI contract budget, pending the finalisation of the renegotiated contract. This was on condition that in the interim period any budget underspend be transferred to a specific reserve to offset future increased costs. As Waste Disposal is currently expected to underspend in 2009/10, the transfer to the Waste Reserve of £500k has been completed.
55. From 1st September 2009, as a result of the service delivery review, Highways, Public Rights of Way and Parks and other ancillary services form part of a managing agent contract with Amey Wye Valley. Through this contract Amey Wye Valley will deliver £1M annual savings and improved performance. This will be monitored by a new Service Delivery Client Team.

Highways

56. A saving of £90k through staff vacancy management is expected to be achieved due to the recruitment freeze pending the service delivery review.

Environmental Health & Trading Standards

57. Overall Environmental Health and Trading Standards' outturn is expected to match budget. The Gross budget for the service is approximately £5.5m however income from charging offsets most of the costs, leaving a net budget of £694k.
58. Markets and Fairs are predicted to overspend by around £55k. This is largely due to a shortfall in income on the Hereford Butter Market. The market lost a major trader last year and has been unable to recover from that loss. Only 60 out of a possible 67 stalls are currently occupied at this site compared with 65 stalls occupied in August 2008. There is better news at Hereford open market. Although capacity has been reduced from 48 stalls to 25, rent per stall has been increased from £277 to £698 and occupancy has risen from 12 to 23 stalls.
59. Cemeteries and the crematorium continue to outperform income budget. The combined underspend on cemeteries and crematorium is estimated at £40k. Activity levels are similar to the same period last year with 647 cremations (6 months to September 2008 was 632) and 119 burials in both years.
60. Car Parking is predicted to overspend by £20k. Although there is a shortfall in income compared with budget this has been in part mitigated by staff vacancies. Some 957,500 tickets were loaded into pay and display machines in the 6 months to September 2008 whereas in 2009 the equivalent figure was 819,000. Penalty tickets issued are also down with 9,522 issued up to September 2008 and 8,159 for the similar period this year.

Waste Management

61. Latest estimates of waste disposal costs from Worcestershire County Council of waste disposal contract costs project an underspend of £1.232k on Herefordshire's Waste Disposal budget for 2009/10. This is an increase in underspend of £582k. This is mainly due to the reduction in revised annual tonnages in the joint contract. Herefordshire disposal tonnages have fallen by 4.5% in the first 5 months of the year compared with the same period in 2008/09, and this is mainly due to increased recycling.
62. A transfer of £500k to the Waste Reserve has been made in 2009/10 and this is reflected in the latest outturn position.
63. There is a risk that if waste growth/reduction between Herefordshire and Worcestershire vary by more than 1% to the detriment of Herefordshire then an increase of £300k would be incurred by Herefordshire. This will continue to be closely monitored through the year.
64. On 1st November 2009, the Waste Collection contract will be renewed with FOCSA Services, following a formal tendering process. The new contract will result in an improved service for more people at a slightly reduced cost. The new contract will extend recycling service to all residents in the County for the first time. (Currently only 75% of residents have a recycling collection from their home). The range of recyclables to be collected has also been extended. This will enable us to achieve our target of 40% by the end of 2010. Recycling outturn for last year was 33.92% and our current standing is 35.96%.
65. The new contract will also be uplifted by RPI rather than using various Government Indices which will give greater clarity over annual increases.

Culture & Leisure

66. Culture & Leisure expenditure is expected to overspend by £25k in 2009/10.
67. A one-off virement from the Waste Disposal budget to the Arts budget of £43k has been made to cover the festival, event and workshop costs of the Take pArt project.
68. There are savings of £40k on Parks and Countryside and £20k on Public Rights of Way due to the recruitment freeze pending the service delivery review.
69. Further savings are expected on employee costs for Sports Development. This relates to the Exercise Referral Development Officer post.
70. The Libraries budget is expected to overspend by £125k. This mainly relates to employee costs and the building running costs of the Broad Street Library. Library visitors have fallen by 3% in the six month period to September compared with the previous year.
71. The Libraries Service is currently implementing a PC booking system which will improve efficiency by leaving staff free to serve customers, stop queues and enable a seamless self service. Possibility of charging for this and other areas within libraries are being reviewed to address the budget shortfall.

Directorate Management & Support

72. The Directorate has undertaken a piece of work for "Reputation Research" which will put pressure on the budget of £35k. The outcome of this work will contribute to corporate reputational work and how we deliver services. The budget pressure will be addressed through staff vacancy management in the Environment Support and Sustainability teams.

Managing Agent Contract Services

73. Savings achievable following the Service Delivery Review are based on the transfer date of 1st September 2009 and will be received pro rata against the guaranteed £1m. Whilst the annual saving target of £900k is not expected to be achieved in 2009/10 due to delays in contract negotiations, staff savings of £120k are expected to be achieved through vacancy management prior the staff transfer and are included in outturn estimates within the Highways, Culture and Leisure services.

REGENERATION DIRECTORATE

Directorate Summary as at 30th September 2009

| | Total Budget for 2009/10 £000 | Net over or (-) underspend £000 |
|---------------------------|--|--|
| Tourism | 485 | 70 |
| Planning & Transportation | 5,508 | -100 |
| Econ. & Com. Regeneration | 1,606 | 0 |
| Strategic Housing | 1,933 | 0 |
| Management & Admin | 462 | -45 |
| Total | 9,994 | -75 |

74. The overall outturn position for Regeneration is an underspend of £75k.

Tourism

75. Following the transfer of the service from the Environment and Culture Directorate there has been a restructure of the staff which resulted in one off reorganisation costs of £11k. Further pressures on the staffing budget remain and a review of alternative delivery models is being undertaken to identify further efficiencies to enable the service to be delivered within budget.

76. Tourism is expected to overspend by £70k this year but will be mitigated by under spends elsewhere within the Directorate.

Planning and Transportation

77. The overall expected position spend for Planning and Transportation is an under spend of £100k.

78. The number of valid planning applications for the period April to September 2009 is 1,516. For the same period in 2008 the figure was 1,309, which represents an increase of 16%. Despite this improvement, Planning is still forecast to overspend by £300k, (compared to £256k in 2008-09, which included a £194k planning delivery grant which will not be received in the current year), however there are signs that the position could improve.

79. In recent months Development Control has been able to meet the budgeted level of income due to a number of major applications being received. In overall terms a shortfall of £125k against the target of £1.13m is still expected, however if the level of major applications is sustained over the coming months the position will be reviewed.

80. Building Control is also generating income below the budgeted target of £681k but there is less evidence of improvement, consequently a shortfall of £60k is projected.

81. The new Civica system has recently been implemented however the need for existing document scanning continues and this is forecast to be a budget pressure of £70k for this year. A further overspend of £45k is currently forecast for document storage and retrieval costs at the Modern Records Unit.
82. A number of one-off income adjustments relating to contractual arrangements for Transportation have been identified as part of the annual audit of accounts. These total approximately £250k and have been allocated to offset the Directorate overspend position.
83. There has been a downturn in the numbers of concessionary fare passengers in the first half of the year. In the period April to September 2008 the number of concessionary passengers was 720,780 compared to 668,434 in the first 6 months of this financial year, representing a 7.3% reduction. Should this trend continue a saving of £100k in concessionary fares is forecast.

Economic and Community Development

84. An amount of £100k has been allocated from the Area Based Grant (ABG) to address the economic downturn. Within Economic Development this funding is being used to support a number of initiatives, detailed below.
85. The Business Booster Grant offers grants to small to medium sized businesses, to date there have been 95 enquiries and 21 applications received. The Training Voucher Scheme has received 72 enquiries and 14 vouchers have been issued to date. Indications are that demand for grants and vouchers will exceed the available funding. A Business Portal is also being developed to enable local companies to be aware of public service contracts.
86. The Economic Development Team administers a Rural Enterprise Grant scheme for the whole of the region on behalf of Advantage West Midlands (AWM). £5m is available to support the development and growth of rural businesses. To date 750 enquiries have been received and 12 grants totalling £320k have been awarded to Herefordshire businesses. AWM also provide funding to the council to cover costs incurred in administering of the scheme.
87. Community Regeneration continues to support local voluntary organisations and has also given extra support to the Citizen's Advice Bureau (CAB) to meet the demands of unemployment and debt enquiries. The service administers grants for community buildings and shop fronts and works closely with local parish councils. A new grant for the Leader Vital programme has recently been awarded.

Strategic Housing

88. The current forecast is for Strategic Housing to balance the budget at year end.
89. Although demand for temporary accommodation in bed and breakfast has been lower to date than the same period last year there is a risk that the expansion of other temporary provision and ongoing prevention-based interventions will be sufficient to contain this demand for the whole year. Homelessness overall is currently expected to balance its budget with any overspending on temporary accommodation being offset by corresponding underspending in prevention and the holding of staff vacancies.
90. Bed and breakfast occupancy at the end of September was 3 families with children, 4 singles and 1 other. The equivalent week in 2008 was 4 families with children, and 8

singles. The most expensive group to house is families and at one point in 2008/09 there were 22 families in B&B whereas the highest level so far this year has been 6.

Management & Admin

91. Directorate Management shows an estimated underspend on salaries of £45k. This is based on the current staffing structure and reflects a freeze on recruitment to vacant posts within this area.

CORPORATE BUDGETS

Summary as at 30th September 2009

| | Total Budget 2009/10 £'000 | Net over or (-) underspend £000 |
|------------------|---|--|
| Central Services | 2,455 | 0 |

92. This area is expected to remain within the annual budget and there are no anticipated problems.

RESOURCES DIRECTORATE

| | Total Budget 2009/10 £'000 | Net over or (-) underspend £000 |
|--------------------------------------|---|--|
| Asset Management & Property Services | 3,456 | -20 |
| Financial Services | 1,949 | 125 |
| Audit Services | 425 | 20 |
| Benefits and Exchequer Services | 1,690 | -125 |
| Central | 181 | 0 |
| Total | 7,901 | 0 |

Asset Management & Property Services

93. Spend is currently slightly under budget, there are no expected problems. Any savings delivered from the accommodation review will be used for prudential borrowing and have no impact on revenue budgets. This is likely to develop over the coming years. £20k savings have been identified by not recruiting to a vacant post.
94. The relief for Business Rates for properties with RV under £15k has eased the pressure on empty units at industrial estates. If this exemption is not granted next year then the Business Rate cost will be higher than previous years due to the increase in vacant units.

Audit

95. Additional costs for a Connects audit and one off agency costs for special consultancy work will create an over spend on Audit budgets.

Benefit and Exchequer

96. Benefits subsidy has been reviewed and there is an anticipated surplus of £105k and a further £20k identified as one off savings. The subsidy surplus has arisen because the level of Local Authority error is below the DWP threshold. The Audit Commission have to agree that the subsidy claim complies with the DWP requirements before the additional subsidy is confirmed
97. Further analysis of the subsidy forecast is being undertaken to establish whether higher surpluses may be delivered.
98. The service is undertaking and funding two system projects this year. These are the Academy Linux upgrade which aims to provide a more robust infrastructure and increase capacity for Revenues and Benefits, and Academy pay.net to replace spectrum cash receipting software which will become obsolete and does not support the new PCI security standards for payment card processing.

Financial Services

99. The cost of interim staff working within Procurement contributes to the overspend. Recruitment of the Procurement Manager post will see the post filled by the new financial year. Financial services is rolling out a programme of automatic reporting which will focus staff time on supporting directorates to reduce their overspends.

Central

100. This area is expected to remain within the annual budget and there are no anticipated problems.

Recovery Plan

101. Savings have already been identified and reduced the previously reported. It is expected the service will deliver a balanced budget.