

## 2009/10 REVENUE BUDGET MONITORING

### Summary

- The following table summarises the 2009/10 projected outturn based on the financial position at the end of December 2009.

Area	2009/10 Budget £000	Projected net over or under (-) spend £000
Integrated Commissioning	39,470	2,737
Children & Young People	25,743	660
Deputy Chief Executive	15,576	0
Environment and Culture	28,539	45
Regeneration	10,351	-70
Central Services	2,624	0
Resources	7,951	0
<b>Directorate Position</b>	<b>130,254</b>	<b>3,372</b>
Borrowing	13,094	-480
Revenue contribution to capital	58	0
Investments	-249	21
Area Based Grant	-4330	0
LABGI	0	-87
Pay Award Savings	553	-553
Social Care Contingency	0	-926
Use of Winter Maintenance reserve		- 500
WMS Profit Share	-546	0
Transfer from Reserves	-1116	0
<b>Total Budget</b>	<b><u>137,718</u></b>	<b><u>847</u></b>

- The overall revenue budget position for 2009/10 shows a projected £0.847m overspend. This is approximately 0.6% 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.
  - A virement has been made to transfer the £0.5m winter maintenance reserve into revenue to fund the costs incurred during January's severe weather conditions.
  - 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.
4. 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 31<sup>st</sup> December 2009**

#### **General Reserves**

5. 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.
6. The projected balance on the general reserve for the end of 2009/10 financial year is as follows:

	<b>£m</b>
Balance brought forward	6.390
Meeting the projected overspend	-0.847
Budgeted transfer	-1.000
Projected year end balance	4.543

#### **Earmarked Reserves**

7. 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 as at 01/04/09.

<b>Earmarked Reserves</b>	<b>£'000</b>
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
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
Social Care Contingency	926
<b>Total</b>	<b><u>16,064</u></b>

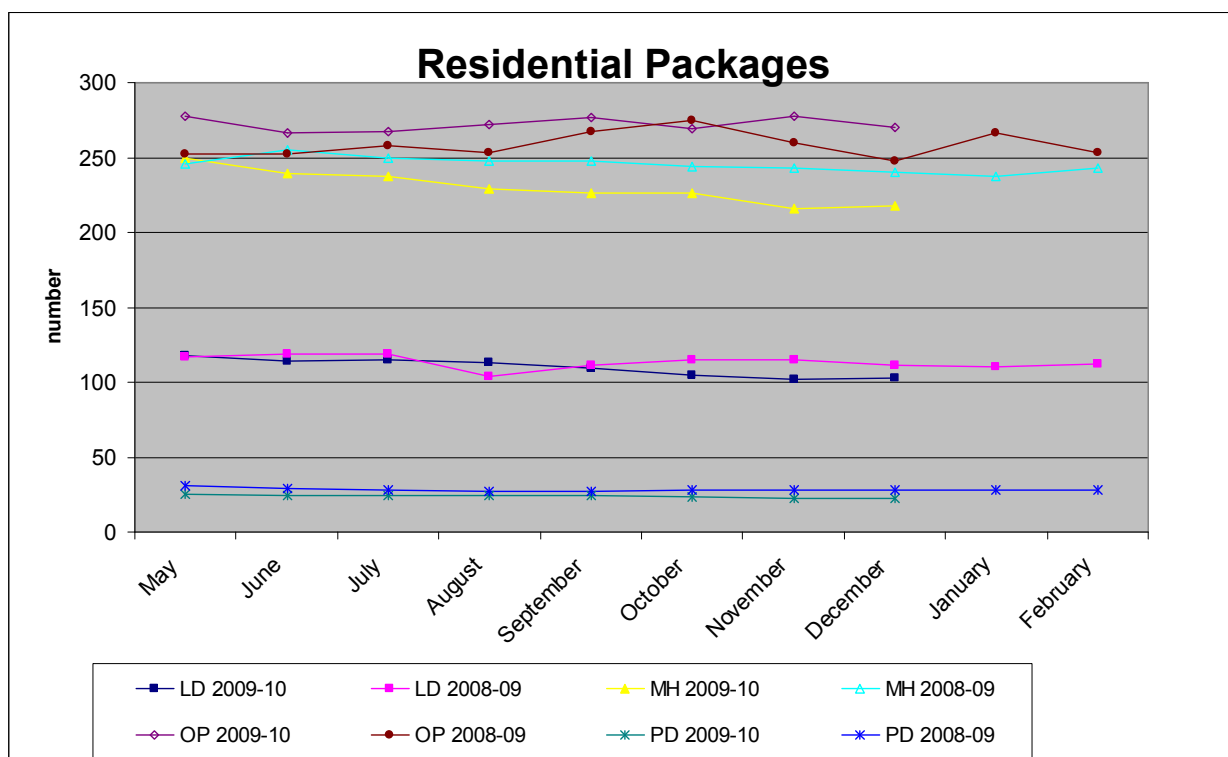
8. A summary of the key variations between projected outturn and budget for each directorate is provided in the following paragraphs.

## INTEGRATED COMMISSIONING DIRECTORATE

### Directorate Summary as at 31st December 2009

	<b>Total Budget for 2009/10</b>	<b>Net over or (-) underspending</b>
	<b>£000</b>	<b>£000</b>
Learning Disabilities	11,133	1,823
Mental Health	7,010	124
Older People	14,931	723
Physical Disabilities /Sensory Impairment	3,806	367
Section 75 Arrangements	895	45
Adults	-227	-42
Commissioning Directorate	1,536	-57
Other Services	386	-246
<b>Total</b>	<b>39,470</b>	<b>2,737</b>

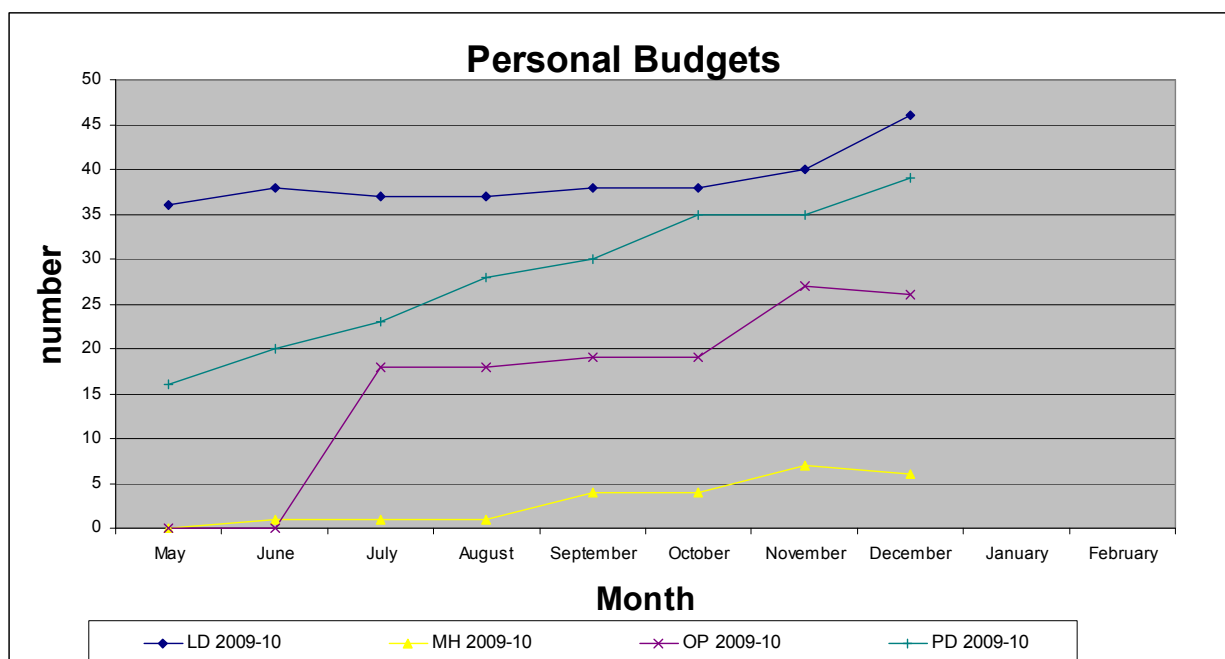
9. Adult Social Care expenditure is principally focused on four main client groups, Older People, Learning Disabilities, Mental Health and Physical Disabilities. Costs predominately relate to care packages that range from basic in-home assistance to complex needs addressed through specialised residential 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.
10. Net Projection. **The forecast net overspend of £2,737k** is based on existing commitments projected forward in combination with a realistic forecast of the delivery of the recovery measures £1.183m.
11. Residential care is the most expensive category of care and the graph below illustrates the trend in residential numbers for the current year for each client group. The numbers are generally falling due to the move to Personal Budgets apart from Older People which is higher than 2008/09.



12. The table below show the total packages across all Social Care by month in comparison to last FY.

	Dec 08	Jan 09	Feb 09	April b/f 09	May 09	June 09	July 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09
Residential	627	641	636	637	671	643	643	638	636	623	618	613
Direct Payment	138	137	124	124	102	95	90	88	85	85	83	80
Supported Accommodation	80	80	81	81	77	78	78	77	80	77	76	74
Adult Placement	16	15	12	12	12	12	16	16	16	16	15	15
Personal Budget	0	1	16	17	52	59	79	84	91	96	109	117
<b>Total 2009-10</b>	<b>861</b>	<b>874</b>	<b>869</b>	<b>871</b>	<b>914</b>	<b>887</b>	<b>906</b>	<b>903</b>	<b>908</b>	<b>897</b>	<b>901</b>	<b>899</b>

13. 2009/10 is the first full year of Personal Budgets. Clients have been encouraged to take Personal Budgets resulting in some reduction in the number of Residential Care packages and Direct Payments. 19 clients have transferred from Residential Care and 13 from Direct Payments. But there have also been 46 new clients entering the system. The average cost of a Personal Budget package is approximately £320 per week giving a yearly spend of £765k for new clients where no provision exists.
14. The graph below shows the number of Personal Budgets during 2009/10.



15. Learning Disabilities **total predicted over spend for the year is £1,823k. This a net over spend of £1,846k less recovery plan action of £23k**
16. The full year over spend relates to increased costs in residential and nursing care with more expensive and complex packages allocated, resulting in a projected over spend for the year of £899k of which personal budgets are projected to over spend by £723k. There have been 3 new clients with residential care packages, 16 new personal budgets approved and 4 new clients in supported accommodation.
17. The number of domiciliary care packages has increased with a £467k predicted over spend. Invoices from Mencap were unexpectedly received in December totalling £150k, these related to prior year domiciliary care and are a one-off backdated payment. This is being investigated at to ensure that the procedures are correctly applied in the future.
18. Over spends are offset by under spends relating to staff vacancies totalling £98k. There has been a one off receipt of income. £66k received from charges to property.
19. **Mental Health. Total predicted over spend £124k. This is a net over spend of £465k less recovery action planned of £341k.**
20. Residential and Nursing is predicted to be £300k overspend. Home Care packages approved by panel are predicted to be £202k above budget. The number of Personal Budgets has increased by 6 and the predicted over spend for the year is £42k.
21. Income received for residential packages is expected to be £56k higher than budget due to increased client contributions from charges to property.
22. **Older People. Total predicted over spend £723k. This is a net over spend of £1,194k, less recovery action of £486k.**
23. The new Emergency Safeguarding Team is an emerging cost pressure and with a

predicted over spend of £79k for part year staff costs.

24. The number of nursing and residential care packages has increased since the start of the year from 260 to 278, giving a £307k predicted over spend. The numbers of personal budgets approved have risen by 26. No budget provision was included in this area, thus there is a £246k over spend.
25. Domiciliary care is predicted to over spend by £752k for the year. This is due to the number of hours and packages rising in the year. In December there was a one-off cost of £110k relating to unexpected invoices for the Homecare block contract. This is now included in the £438k over spend on the block contract.
26. There are some areas of budget underspend forecast at £366k.
27. **Physical Disabilities Forecasting an over spend of £367k. This is a net over spend of £492k less planned recovery action of £125k.** This is mostly due to – personal budgets £542k and domiciliary care increases of £217k, offset by the reduction in residential and nursing costs of £129k.
28. The number of personal budgets has risen from 2 at the start of the year to 39 in December. 24 of these are new clients and 13 have been transferred from direct payments. Residential and nursing packages have reduced from 28 to 19 year to date.
29. There have been additional pressures within the Section 75 arrangements for the Community Equipment Store due to the high demand. Many items are staying out for longer and some items are no longer fit for purpose. If the demand for equipment continues at the current level the projected year end position will be an overspend of £152k. £59k will be met by the capital programme, leaving a £92k overspend to be shared 50:50 with the PCT.
30. The Supporting People Grant is being considered for minor adaptations, which is estimated to be £67k if approved.
31. **The Commissioning team. Predicted under spend is £54k**, which is largely due to staff vacancies.
32. **Modernisation. The projected under spend of £153k.** Modernisation projects such as electronic monitoring, external brokerage will enhance the customer experience and help to deliver services in a more efficient and effective way. The projects will start to show an impact on costs in 2010/11. Projects are fully funded by the Social Care Transformation Grant.

## Recovery Plan

33. Recovery measures already identified and deemed to be realistically achievable have now been factored into the latest out-turn forecast totalling (£1,183k). 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) Supported Living. A review of costly Learning Disability packages where opportunities exist to transfer clients into supported living. This financial year 1 client has moved from residential care but there was minimal saving. 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 - Service Managers are currently working on agreeing backdated care payments for two Physical Disabilities clients where there is a dispute regarding county of residence. This would potentially generate a one-off income of £125k with future annual cost savings of £62k.
- c) Review the level of voids in existing contracts to ensure maximum value is being achieved. The number of residential voids is currently 12% of the total number of places. The number of voids has dropped at the end of December to 15 with a saving since the end of July of £72k. Based on an average of 14% voids for the year, the annual value of unused residential voids is £70k.

Day care voids have reduced from 54% in July to 43% at the end of December. Based on an average of 47% voids for the year, the annual value of unused day care voids is £679k. There is now a more robust panel procedure for reviewing voids.

- d) Consider the flexibility within Supporting People Grant. Social Care are providing a list of eligible housing related support services for Commissioning Body approval in February. The current year removal of ring-fenced grant conditions offers a one-off opportunity to maximise flexible use of the financial capacity before supporting people becomes part of the Area Based Grant in 2010/11. £0.5m has been factored into the forecast.
- e) The Mental Health and Social Care Capital Grants work is on-going with managers to transfer all eligible spend to grants. This will equate to £495k of the recovery plan.
- f) Residential standard rate The new standard rate for residential care is still in progress and due to become effective on 1<sup>st</sup> April 2010. Contract unit are currently working with providers to establish a new standard rate. Rates from other Local Authorities will be used as a benchmark.
- g) There is also a drive to gain ILF (Independent Living Fund) for all clients under 65 who are eligible within Learning Disabilities. One person has been approved with funding of £4k. A further three clients are currently being looked at with a potential saving of £9.5k. Other income opportunities are also being actively pursued in order to offset current expenditure i.e. Housing Benefit. This is unlikely to realise savings this year
- 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 31st December 2009

	<b>Total Budget for 2009/10 £000</b>	<b>Net over or (-) Underspend £'000</b>
Inclusion & Improvement	4,722	133
Safeguarding and Assessment	11,828	740
Planning, Performance & Development (PP&D)	6,756	-376
Community Operations	102	14
Central Directorate	489	149
ABG	1,846	0
<b>Total</b>	<b>25,743</b>	<b>660</b>

35. The projected outturn overspend of £660k is based upon reviews undertaken with service managers including actual spend to December and known commitments for the final quarter.
36. The budget now reflects budget virements made internally to consolidate the Blackfriars Business Support function within PP&D to improve operational efficiency.
37. As shown in the table above the principle area of concern continues to be within the Safeguarding area with three primary causes, which are covered in more detail below.
38. The most significant pressure continues to be the increasing numbers of children being placed in residential care. Across Herefordshire in the 12 months to December numbers of children have increased from (10 + 1 in secure accommodation) to 15 an increase of 36% or 50% if the secure placement is excluded. Agency fostering placements show an increase of 25% over the same period (from 20 to 25). Overall overspend is estimated to be £465k.
39. **Recovery Plan** – 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. The review has now been completed and identified 5 red RAG rated cases, of which it may be possible to move 4 and bring to an in house placement which would reduce the costs. However this must be done in a controlled manner to ensure the welfare of the children is maintained effectively. In addition a weekly panel review process has been implemented to review the top 20 cases with a monthly challenge meeting attended by the Assistant Director and Assistant Accountant.
40. The increased levels of referrals for children to be taken into care has led to a corresponding increase in court referrals, as flagged previously. This combined with

legislative changes has resulted in a doubling of court costs from 2008/09 (£111k) to 2009/10 (£200k). 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 £170k.

41. **Recovery Plan Actions re. Court Costs** – The ADS has requested the legal team 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 assessment and minimise costs. The impacts of these changes will be closely monitored and reported back in future Cabinet reports.
42. 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.
43. **Recovery Plan Actions re. Homeless 16/17 year olds** –Request for funding from Supporting People funding.
44. A further budget pressure within Safeguarding is the additional contract cost of £40k for Emergency Duty cover (EDT) following the withdrawal by Adult Social Care from the Worcester contract.
45. **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.
46. The Safeguarding service has run a successful recruitment campaign. However the new members of staff are either newly qualified or coming from overseas. There is a requirement in some cases to retain the locum social workers for longer than initially planned in order to provide the necessary supervision to the new team members.
47. **Recovery Action Plan – staffing issues** –the Safeguarding team is currently undergoing a review and restructure to ensure that the limited resources available are targeted most effectively, this will include the move to enhancing skills sets via the use of more Advanced Practitioners (the restructure will not increase the overall establishment numbers).
48. It has emerged that the shortfall in training income will be higher than previously reported.
49. **Recovery Plan Actions** – training delivery is now being over seen by the Workforce Strategy manager and improved processes are being implemented. In addition work is beginning to develop a costing model for charging training courses to ensure the recovery of the full cost of delivery. This work will fit with the council wide work on charging.
50. The over spend with the central cost area includes the following - £40k for the Schools Review, £40k for the VLE project up to December when the new SLA takes effect (funded by Standards Fund in prior years).
51. **Recovery Plan Actions** – As a result of the recruitment freeze and travel embargo the following savings have been made to date:
52. **Payroll** – Periods 1-7 Cost versus budget averaged a £26k per month saving this

has increased to a saving of £42k per month.

53. Further action will be taken until the year end to ensure that charges to grants are maximised (where applicable and appropriate) to reduce the pressures on the core budgets.

#### **Other Pressures not included in projected outturn**

54. 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 principally the Music Service deficit (estimated at £200k); work is underway to restructure and remodel the service to enable the service to operate at a net zero cost to the LA.

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

55. DCSF have confirmed the final DSG allocation at £84.526 million for 2009/10. School budgets are determined by formula funding from the DSG and sixth forms from an additional £2.75m grant from the Learning & Skills Council £78.8m has been delegated directly to schools and any under or overspend by schools 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. More schools are expected to set deficit budgets in 10/11.
56. Year end forecasts for schools (based on expenditure up to 31<sup>st</sup> December 2009) indicate that aggregate school balances will be approximately the same as last year. However, more schools could be in deficit, possibly as many as 10 with a cumulative deficit of £400k compared to 6 schools with a cumulative deficit of £262k at 31<sup>st</sup> March 2009.
57. 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 ( £140k over) SEN Support Services( £60k under), Travellers Children £20k 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**

58. In 2008/09 rates rebates of £1,054k were received for charitable rates relief for voluntary aided schools going back to 2000. Legal advice is that the rates rebates must be distributed to schools on a per pupil basis. Schools Forum have agreed to distribute the £1,054k rates rebates to schools on a formula basis to be devised by School Forum Budget Working Party. The distribution formula will be finalised by Schools Forum on 23<sup>rd</sup> February.
59. There are further funds available for redistribution to schools from DSG carry forward (£1,280k) and Schools Forum in December agreed to distribute the under spend to schools at £58.50 per pupil. Schools have the choice of receiving their allocation in full in 2009/10 or split equally over the three years 2009/10-2011/12 to help with future years budget planning.

## DEPUTY CHIEF EXECUTIVE DIRECTORATE

### Directorate Summary as at 31st December 2009

	<b>Total Budget 2009/10 £000</b>	<b>Net projected over or (-) under spend £000</b>
Herefordshire Connects	1,661	0
Herefordshire Partnership	221	0
Communications	390	-28
Director and Administration	268	0
Legal and Democratic	2773	436
INFO	1,713	-86
Policy & Performance	745	0
Information Services	363	0
Corporate ICT Projects	880	0
ICT Services	3,819	-277
Corporate Programmes	61	0
Community Network Costs	1,030	0
Human Resources	1,652	-45
<b>Total</b>	<b>15,576</b>	<b>0</b>

60. 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, HR and Communications.
61. 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 anticipated income from the PCT of £43k in relation to legal support. This follows a review of the recharges between the organisations.
  - 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 £100k. This is due to external economic conditions affecting the housing market and competition from the private sector.

## **Recovery Plan**

62. 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.

## ENVIRONMENT & CULTURE DIRECTORATE

### Directorate Summary as at 31st December 2009

	<b>Total Budget 2009/10 £000</b>	<b>Net over or (-) under spend £000</b>
Highways	6,822	1,010
Environmental Health and Trading Standards	661	0
Waste Management	12,491	-1440
Culture & Leisure	7,493	0
Directorate Management & Support	343	40
Emergency Planning	152	60
Community Safety	206	0
Service Delivery Client Team	110	0
Managing Agent Contract (MAC) Services	261	375
<b>Total</b>	<b>28,539</b>	<b>45</b>

63. The overall outturn position for Environment & Culture is a net overspend of £45k.
64. From 1<sup>st</sup> 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

65. Following the severe winter weather in early January, there is an expected pressure on the Winter Maintenance budget of £1m. A virement has been made to transfer the £0.5m winter maintenance reserve into revenue to fund the costs incurred during January's severe weather conditions.
66. Over 10,000 tonnes of grit have been used on Herefordshire's roads this winter so far, mostly during the first two weeks of January. The table below shows the full year salt usage and outturn for the last four years.

Year	Tonnes Used	Outturn
08/09	10,031	£1.6m
07/08	3,676	£0.96m
06/07	2,974	£1.03m
05/06	7,101	£0.95m

67. The full damage to the county's road network is emerging. The council and its highways partner, Amey Herefordshire, are repairing hazardous potholes to keep roads safe. The Council has written to the Department of Transport to request the government enact emergency funding to address these issues.
68. The Council have also registered their intent to claim under the Bellwin Scheme for all immediate revenue emergency costs incurred in relation to the severe weather and whilst awaiting agreement from the CLG, work is underway to identify these costs across the Council. Funding will only be received for costs above the annual threshold of £444k.
69. CLG have been contacted to seek a capitalisation direction. If approved the cost of revenue repairs are capitalised and funded via prudential borrowing for 2010/11.

### **Environmental Health & Trading Standards**

70. Overall Environmental Health and Trading Standards' outturn is expected to match budget.
71. Markets and Fairs are predicted to overspend by around £90k. 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 58 out of a possible 67 stalls are currently occupied at this site compared with 65 stalls occupied in December 2009. The predicted shortfall for Butter Market has been recently been revised upwards following a large claim for waste collection charges including collections from last financial year. Occupancy at the Hereford open market was 21 stalls compared with only 12 for the same period last year.
72. Cemeteries and the crematorium continue to outperform income budget. The combined underspend on cemeteries and crematorium is estimated at £50k. Activity levels have dropped from 1017 cremations in the nine months to the end of December 2008 to 964 in the same period this year. There has also been a slight fall in burials have also from 174 to 170.
73. Car Parking is predicted to overspend by £40k. Although there is a shortfall in income compared with budget this has been in part mitigated by staff vacancies. Some 1,418,000 tickets were loaded into pay and display machines in the 9 months to December 2008 whereas in 2009 the equivalent figure was 1,327,000. Penalty tickets issued are also down with 14,107 issued to December 2008 and 12,366 for the same period this year.

## **Waste Management**

74. Latest estimates of waste disposal costs from Worcestershire County Council of waste disposal contract costs project an underspend of £1.41m on Herefordshire's Waste Disposal budget for 2009/10. This is an increase in underspend of £218k and is due to further reductions in the revised annual tonnages in the joint contract. Herefordshire disposal tonnages have fallen by 3.5% in the first 8 months of the year compared with the same period in 2008/09, and this is mainly due to increased recycling.
75. 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.
76. On 1st November 2009, the Waste Collection contract was renewed with FOCSA services, following a formal tendering process. The new contract has resulted in an improved service for more people at a slightly reduced cost. The new contract has extended recycling service to all residents in the County for the first time. This will enable us to achieve our target of 40% by the end of 2010. FOCSA collected three times the amount of kerbside recycling in November and December 2009 when compared to the same period in 2008 when we had the purple and clear sack system. Recycling outturn for last year was 33.92% and our current standing is 35.88%.
77. 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**

78. Culture & Leisure expenditure is now expected to match budget in 2009/10.
79. There are savings of £50k on Parks and Countryside and £20k on Public Rights of Way mainly due to the recruitment freeze pending the service delivery review. Further savings are expected on employee costs for Sports Development. This relates to the Exercise Referral Development Officer post.
80. The Libraries budget is expected to overspend by £110k. This mainly relates to employee costs and the building running costs of the Broad Street Library. Library visitors have fallen by 4% in the eight month period to November compared with the previous year.
81. 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.

## **Emergency Planning**

82. The Emergency Planning budget is expected to overspend by £60k. A backlog of plans both emergency and business continuity are outstanding, these include pipeline plans, review of rest centre plans and humanitarian assistance centre logistics planning. In order to ensure the council and PCT remain in compliance with the Civil Contingencies Act 2004, staffing levels have been increased.



### **Directorate Management & Support**

83. The Directorate has undertaken a piece of work for "Reputation Research" which will put pressure on the budget of £55k. The outcome of this work will contribute to corporate reputational work and how we deliver services. The budget pressure will be mitigated by staff vacancy management in the Environment Support and Sustainability teams.

### **Managing Agent Contract Services**

84. Savings achievable following the Service Delivery Review are based on the transfer date of 1<sup>st</sup> 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 31st December 2009

	<b>Total Budget for 2009/10 £000</b>	<b>Net over or (-) underspend £000</b>
Tourism	511	30
Planning & Transportation	5,864	-4
Econ. & Com. Regeneration	1,602	30
Strategic Housing	1,916	-61
Management & Admin	458	-65
<b>Total</b>	<b>10,351</b>	<b>-70</b>

85. The overall outturn position for Regeneration is an under spend of £70k.

#### **Tourism**

86. 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. Staffing pressures remain and Tourism is expected to overspend by £30k this year but will be mitigated by under spends elsewhere within the Directorate. The salary budget shortfall is being addressed for 2010 with further adjustments to staffing levels.

#### **Planning and Transportation**

87. The overall expected position for Planning and Transportation is an under spend of £4k.
88. The number of valid planning applications for the period April to December 2009 is 2,071. For the same period in 2008 the figure was 1,831, which represents an increase of 13% in the number of applications. Despite this improvement, Planning is still forecast to overspend by £267k.
89. In the past few months Development Control has not met the budgeted level of income required, even though a number of major applications were received in the period to 30<sup>th</sup> September 2009. It is not anticipated that there will be the usual surge of applications in March this year. In overall terms a shortfall of £100k against the budgeted target of £1.13m is still expected.
90. Building Control has managed to achieve its income targets for the past two months but overall income year to date is still below the required budgeted target. The

annual target is £681k and a shortfall of £40k is currently projected.

91. The new Civica system has 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. Additional printing charges of £10k have also been identified.
92. There has been a downturn in the numbers of concessionary fare passengers in the first nine months of the year. In the period April to December 2008 the number of concessionary passengers was 1,068,000 compared to 1,001,000 in the first 6 months of this financial year, representing a 6.3% reduction. Should this trend continue a saving of £70k in concessionary fares is forecasted.
93. There were 22 bus service contracts that expired in September 2009 with an annual cost of £940k. Of these 3 were not renewed, 2 contracts combined, 12 saw a reduction in costs and 5 saw an increase. 5 further contracts are up for renewal at the end of Feb 2010 and it is expected that 2 will be discontinued and that the others will be renewed at no further cost or saving. The forecast net saving for the year on rural routes is expected to be approximately £140k
94. Vacancy savings of £40k are expected due to the vacant post of the Transportation Planning Team Leader.

### **Economic and Community Development**

95. Planning fees in respect of Model Farm Enterprise park in Ross-on-Wye are likely to be incurred before the end of March 2010 and it is anticipated that Economic Development will overspend by £30k as a result of this. This overspend will be managed by offsetting against savings made elsewhere within the Regeneration directorate. The Enterprise Park will attract investment from high-value, knowledge-based companies to create quality employment for local people, putting Ross-On-Wye on the map through its innovative design. The design of the layout and infrastructure on the site has already begun and various surveys – including archaeological, ecological and topographical – have been carried out.
96. Community Regeneration has recently been awarded a Leader Vital grant to the value of £2.55 million. The project has to date received 12 expressions of interest, and 5 full applications (value £460k). The Leader Programme in Herefordshire focuses on social and community issues as detailed below:
  - Enable local communities to develop and implement actions to improve the quality of life of those living and working in rural Herefordshire.
  - Enable local communities to develop and access the services they need in their area.
  - Support and improve local democratic structures to meet the needs of local communities
  - Training local people to meet identified skill gaps and encourage enterprise
  - Enhance and maintain the distinctiveness of the countryside.

### **Strategic Housing**

97. Strategic Housing is now expected to underspend for the year by £61k.
98. Homelessness is expected to under spend by £121k. This is due to the lower than expected activity on prevention schemes and also takes account of two recent

initiatives: £30k contribution towards a Credit Union Project to provide debt advice and loans to homeless clients currently barred from an allocation of social housing due to rent arrears and £15k grant to local church organisation to run cold weather shelter during periods of extreme cold.

99. 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 not 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.
100. Bed and breakfast occupancy at the end of December 2009 was 1 family with children, and 15 singles. The equivalent week in 2008 was 4 families with children, and 11 singles. December 2009 has seen the highest occupancy in this financial year and is due to the recent period of severe weather. In 2008/09 the highest occupancy level was 22 families.
101. There are pressures on the Private Sector Housing budgets. Private Sector Housing has completed 1,100 jobs in the period September to December 2009, an increase of 98 jobs completed in the same period in 2008. There has been a significant increase in the number of Energy Efficiency jobs undertaken by the team. 255 jobs were completed September to December 2009 compared with 90 in the same period in 2008. The number of completed Integrated Community Equipment Store (ICES) jobs, which relates to carrying out adaptations for clients, totalled 204 in 3 months of October – December 2009 compared with 272 in the same period in 2008, a reduction of 68. The number of jobs undertaken is dependant on the number of referrals received from Occupational Therapists.

### **Management & Admin**

102. Directorate Management shows an estimated underspend on salaries of £65k. This is based on the current staffing structure and reflects a freeze on recruitment to vacant posts within this area and the secondment of a staff member to the Strategic Housing area.

## CORPORATE BUDGETS

### Summary as at 31st December 2009

	<b>Total Budget 2009/10 £'000</b>	<b>Net over or (-) underspend £000</b>
Central Services	2,624	0

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

## RESOURCES DIRECTORATE

### Summary as at 31st December 2009

	<b>Total Budget 2009/10 £'000</b>	<b>Net over or (-) underspend £000</b>
Asset Management & Property Services	3,758	-20
Financial Services	1,931	125
Audit Services	421	20
Benefits and Exchequer Services	1,616	-125
Central	225	0
<b>Total</b>	<b>7,951</b>	<b>0</b>

### Asset Management & Property Services

104. 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.
105. 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**

106. 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**

107. 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
108. Further analysis of the subsidy forecast is being undertaken to establish whether higher surpluses may be delivered.
109. 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**

110. The cost of interim staff working within Procurement contributes to the overspend. The Procurement Manager post has now been filled and will be in place in May.

### **Central**

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

### **Recovery Plan**

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