

## Appendix A

### REVENUE BUDGET MONITORING

1. The headline data from the May Directorate budget control meetings is set out in this appendix.
2. This month's report monitors expenditure and income against the budget prior to the additional savings/pressures presented to Full Council on 24<sup>th</sup> May 2013. During June the budgets will be updated for additional savings which do not require Cabinet decision and also to reflect the identified pressures. Subsequent budget virements will be actioned as Cabinet or Cabinet Member agree savings proposals.

### PEOPLE'S DIRECTORATE

#### Current Status – Revenue Budget by Service\*<sup>1</sup>

Service* <sup>2</sup>	Budget Expend	Budget (Income)	Net Budget* <sup>2</sup>	May Forecast Outturn	Projected (Over)/under spend
<b>Directorate</b>	<b>786</b>	<b>(262)</b>	<b>524</b>	<b>446</b>	<b>78</b>
<b>Children's Provider</b>	21,930	(3,900)	18,030	19,231	(1,201)
<b>Children's Commissioning</b>	18,745	(8,645)	10,100	9,956	144
<b>Adult Social Care</b>	65,963	(17,166)	48,797	55,043	(6,246)
<b>Public Health</b>	7,753	(7,753)	0	0	0
<b>People's Services Total*</b>	<b>115,177</b>	<b>(37,726)</b>	<b>77,451</b>	<b>84,676</b>	<b>(7,225)</b>

\*<sup>1</sup> Excluding Schools

\*<sup>2</sup> The overall directorate total is unchanged other than the transfer of Environmental Health and Trading Standards to Places directorate.

#### Directorate overview

3. The key pressures in the People's Directorate relate to children's social care placements and agency staff costs and risks within the Adult Social Care savings schemes. These include Homecare, section 75 and schemes requiring Cabinet sign off for the Open Book review and next stage integration project.
4. On-going reliance on agency social workers and difficulties recruiting senior managers are risks within People's services. Reviews of senior management / social work pay scales are currently underway with options under development.
5. The summary table above shows the projected outturn compared to the original budget. It is anticipated that £1.389 million will be transferred from the Corporate and Places Directorates in June, arising from extra savings plans identified in the April budget review.

#### Children's Provider Services - Key Points

6. Current pressures within Looked After Children (LAC) relate to additional placements (£420k against current budget). There are legislative changes which constrain the ability of the service to manage children and young people into lower cost placements.

7. The service operates with a court costs budget of £200k, but there have recently been a number of cases requiring specialist legal support. This is currently estimated at an additional £200k for 2013/14.
8. There are staffing pressures arising from additional agency staff to cover vacancies and additional case loads totalling £496k across children's Safeguarding, £373k in fieldwork teams, £69k in Children with Disabilities (CWD) and £54k in the LAC team.
9. There are pressures of £87k flagged within additional needs of which £54k is on DSG budgets. This may be absorbed if the overall DSG budget has capacity at year end.

#### **Children's Provider Services - Risks**

10. The risks to the financial position are;
  - a. Continued increases in referrals.
  - b. Failure to recruit sufficient high calibre social workers placing additional pressure on staffing budgets.
  - c. Complex needs cases are currently operating near budget capacity and further referrals would put the budget under pressure.

#### **Children's Commissioning - Key Points**

11. Significant cuts were made in the Learning and Achievement budgets as part of the initial 2013/14 budget setting process. Savings have been delivered in School Improvement due to the early departure of most of the team, but there are on-going risks relating to having to redesign how this service will operate in future. This will have implications for income generation.
12. Pressures have been flagged across a number of services due to the ongoing reliance on interims, particularly at Head of Service level and the inability to attract permanent staff at the salaries offered.
13. The current forecast reflects a net £144k of savings identified as part of budget review. There will be some adjustment to increase budgets in relation to agency staff cost pressures in the Planning and Review and Business Support teams.
14. The transport budget is due to transfer to the Places Directorate during the year as part of the creation of an integrated transport arrangement.

#### **Children's Commissioning - Risks**

15. School Improvement budgets include £65k for Service Level Agreement (SLA) income with a further £41k of Governor Services income. This income is at risk as staff are no longer retained to provide the support bought by schools. The impact is currently being evaluated.
16. Further work is required with some budget holders to review and confirm savings delivery, and this will be done in accordance with new forecasting cycle.

#### **Adult Social Care and Commissioning - Key Points**

17. The current projected overspend is £6.246 million against the original budget. A number of pressures were highlighted during the Chief Executive's budget review in April.
18. Key pressures relating to savings targets include slippage on the Homecare project, underachievement on the Shaw savings target and lack of assurance on the achievability of the 10% savings target for Wye Valley section 75 arrangements.

### Adult Social Care and Commissioning - Risks

19. Deliverability of other plans such as demand reduction and income generation are difficult to quantify at this early stage in the year. The increased requirements for additional resources also places pressure on the transitions budget.
20. Deliverability of the full revised savings target of £300k for commissioning workforce reductions needs to be confirmed as some vacancies are being used to fund interim resources.
21. The revised Shaw savings are still assumed fully deliverable but to date only £80k of the £350k target is confirmed.
22. If the fee changes for Older People residential and nursing placements are not implemented for current clients as per Open Book review assumptions (and any new cases arising before 31/12/13), placements will remain at the current high rate until provision ceases. This will have a consequent impact on future years.
23. Income generation figures require further work to confirm income generated to date and to affirm savings for remainder of the year.

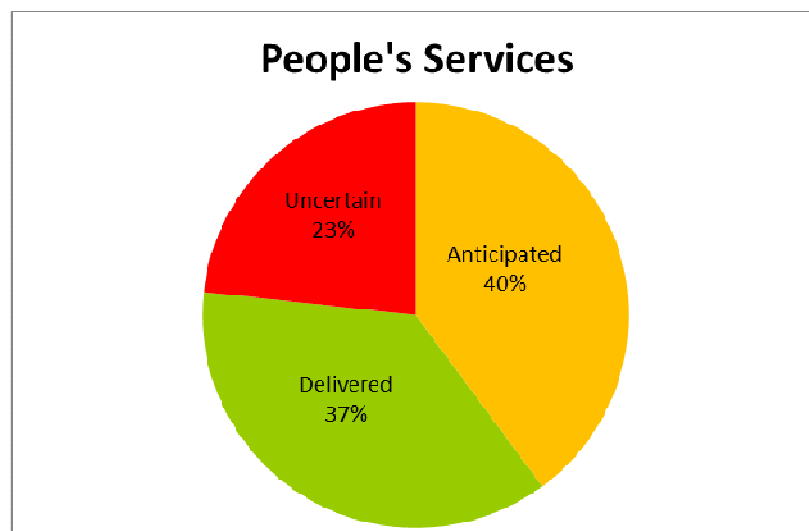
### Adult Social Care and Commissioning - Opportunities

24. There may be some opportunities within the Supporting People budget which may mitigate pressures elsewhere. Further work is being done to quantify this.

### People's Savings Plans

25. The People's Directorate has savings plans of £13.346 million. The chart below shows their status as at 31<sup>st</sup> May. A cautious view has been taken with savings only being classified as delivered if action has been taken to ensure savings will be made.

PEOPLE'S SERVICES		
Delivered	Anticipated	Uncertain
4,918	5,323	3,105



## KEY

**Delivered** – action has taken place to ensure saving will be made

**Anticipated** – Further savings included in forecast out-turn

**Uncertain** – Total savings target less delivered and anticipated savings

26. The uncertain savings of £3.1 million include actions pending Cabinet decisions for the Open Book fee change and for the Next Stage Integration proposal (Wye Valley contract). Once approval is received the anticipated delivery value will be reinstated.
27. There is also slippage on some schemes the most significant of which relates to the re-procurement of domiciliary care (£1 million).
28. In addition legislative changes and increased numbers of looked after children put achievement of the planned reductions in residential and agency foster care placements at risk.
29. The table below sets out the savings schemes currently RAG rated as RED. These are schemes which have either not received the necessary Cabinet approval, so nil saving assumed, or are savings schemes which are currently not expected to deliver to target.

Ref *	Scheme	Target £000	At Risk £000	Issue	Est recover- able
A1	Wye Valley Trust Section 75 10% reduction	500	500	No assurance from WVT to deliver 10% in remainder of contract	TBC
A2	Next Stage integration	756	756	Pending Cabinet sign off	756
A3	Open Book Review	125	125	Pending Cabinet sign off (as at May)	63
A4	Homecare	1,000	1,000	Scheme slippage	TBC
A5	Livability	100	100	Will not deliver	0
A6	Transitions	50	50		0
A7	Village Wardens	91	37	Contract reduced not ended	0
A8	Talking Book	17	7		0
A9	Primecare EDT/ OoH	60	60		0
A10	Workforce	300	42		0
P1	Unidentified	105	105		0
P2	Sale of Assets	50	23	Shortfall	0
C1	Residential placements	300	300	Inc. No's / legislative changes	TBC
	<b>TOTAL</b>	<b>3,454</b>	<b>3,105</b>		<b>819</b>

\* A= Adults Scheme, P = other Peoples saving, C = Children's scheme

## Details of Risk / Mitigation

**A1** – Details of how 10% savings on the WVT contract are to be achieved are yet to be concluded. This is likely to be a combination of vacancy management and other expenditure controls but the amount is to be confirmed.

**A2** – The savings target of £756k for the next stage integration project requires Cabinet approval (scheduled for July). The consultation on the new structure which will deliver the planned savings is currently underway. Further service redesign is required of community equipment and day opportunities following consolidation of services “in house” until 2014/15.

**A3** - Achievement of the full savings target is subject to a decision about whether the fees apply to current clients (and the new clients up to 31<sup>st</sup> December) or not. If new fees only apply to clients placed from 1<sup>st</sup> January 2014 this creates a shortfall of £62k for 2013/14, with a further shortfall of £168k on predicted 2014/15 savings (of £375k) with an additional risk of £49k to 2015/16 (assuming each client has an average 2 year length of stay).

**A4** - Homecare – re-procurement of Homecare (domiciliary care) is currently on hold. Options for progress are being developed.

**A5** –Livability reduction – alternate scheme now evaluated and not agreed. Action agreed to increase efficiency of use of current block contract by void reduction.

**A6** -Transitions – not expected to deliver savings

**A7** – Village Wardens – contract has been reduced for 2013/14, not terminated as originally assumed. Further work is planned for 2014/15.

**A8** – Talking Book – potential challenge, therefore slippage has been allowed.

**A9** – Primecare /Out of hours service – further work to determine if savings can be delivered.

**A10** – Workforce increased target – partly identified but a shortfall of at least £42k is expected.

**P2** – Sale of youth assets is now complete, which raised £27k of a target £50k.

**C1** - Planned reduction in residential and agency foster placements is now not estimated to be achievable based upon current activity, partly due to sharp increase in numbers and also legislative changes mean that older young people cannot be moved into lower cost accommodation in GCSE years. Children’s Services have looked at the multi-disciplinary Torfaen approach that mitigates against the need residential placements and is developing an approach in Herefordshire.

## PLACES AND COMMUNITIES DIRECTORATE

### Current Status – Revenue Budget

Service £000	Budget Expend £'000	Budget (Income) £'000	Net Budget £'000	May Forecast Outturn £'000	Projected (Over) / Under spend £'000
<b>Economic, Environment and Cultural Services</b>	12,532	(5,188)	7,344	7,246	98
<b>Homes and Communities</b>	7,351	(4,737)	2,614	2,584	30
<b>Place Based Commissioning</b>	32,354	(4,839)	27,515	27,215	300
<b>Director and Management</b>	408	(36)	372	522	(150)
<b>Places &amp; Communities Total *</b>	<b>52,645</b>	<b>(14,800)</b>	<b>37,845</b>	<b>37,567</b>	<b>278</b>

\* Since February, additional budget movements have taken place to allocate savings plans and non pay inflation, previously held centrally within the Directorate.

#### Directorate overview

30. The Directorate is currently expected to underspend by £278k for the year based on the original budget. However once budget adjustments have been processed in June to reflect the additional savings and pressures (which do not need Cabinet decision), the outturn would be an overspend of £69k. In total £347k of budget will be transferred to offset pressures on procurement savings and adult social care highlighted during the Chief Executive's Review.

#### Economic, Environment & Cultural Services

31. There is an underspend for the service of £73k. This is due to income in Bereavements Services and Markets and Street Trading. The income will be closely monitored to assess the potential to increase the annual income budget and contribute to annual savings.
32. There is an underspend on Libraries budgets of £11k because discretionary spend has been put on hold and this will contribute to the additional savings scheme. This scheme is subject to Cabinet decision.
33. There is a pressure of £92k in relation to the HERS savings for the year. Schemes are currently being identified to meet this pressure.
34. There is also a pressure of £60k on Planning budgets due to potential legal costs.

#### Place Based Commissioning

35. A number of disputed items have arisen in the Amey contract. These disputed items total in excess of £3m and impact on both capital and revenue items, some which will be met within the current annual budgets managed by Amey through the MAC contract. Following the adjudication of a sample of disputes earlier in the year, discussions are currently taking place with Amey to evaluate the impact of this ruling.

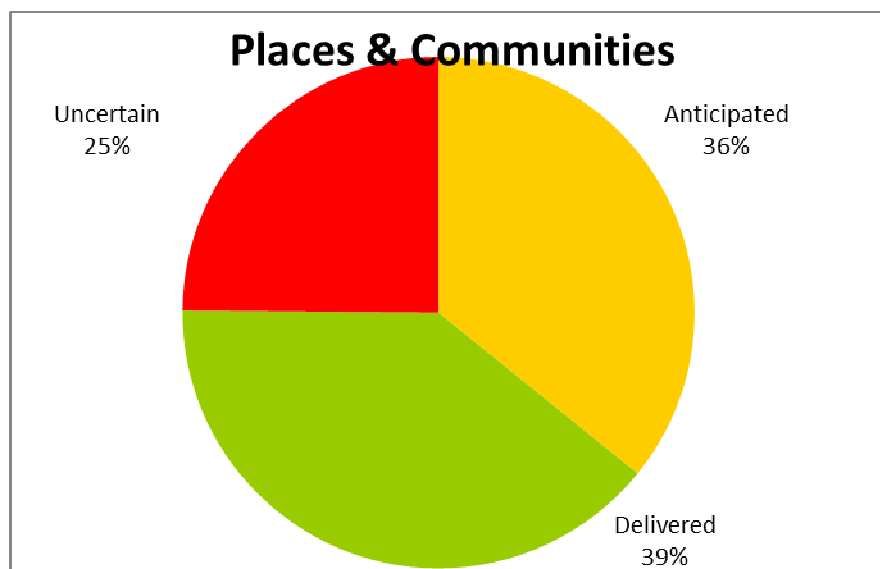
## Customer Services

36. As part of a reorganisation the Customer Services function will be transferred to the Places Directorate where it will be managed in conjunction with Libraries and Heritage Services. Budget transfer will occur on 1 July and include all current and future savings targets.

## Places Savings Plans

37. The total savings for the Directorate totals £4.772 million made up of the original savings plus additional savings, as part of the Chief Executive Review. The chart below shows their status as at 31st May.

PLACES & COMMUNITIES £000		
Delivered	Anticipated	Uncertain
1,876	1,709	1,187



### KEY

**Delivered** – action has taken place to ensure saving will be made

**Anticipated** – Further savings included in forecast out-turn

**Uncertain** – Total savings target less delivered and anticipated savings

38. The table below sets out the savings schemes currently RAG rated as red. These are schemes which have either not received the necessary Cabinet approval, so nil saving is assumed, or are savings schemes which are currently not expected to deliver to target. The following schemes have been identified as at high risk of non delivery. As previously indicated budget will only be moved when the savings proposals have been agreed.

<b>Scheme</b>	<b>Target £000</b>	<b>At Risk £000</b>	<b>Issue</b>
<b>HERS Review</b>	1,154	92	Schemes to be identified
<b>Heritage Services Review</b>	194	194	Pending Cabinet Decision
<b>Library Services Review</b>	250	250	Pending Cabinet Decision
<b>Planning Services cost reductions (including Conservation, Archaeology)</b>	291	291	Pending Cabinet Decision
<b>Countryside Services Review</b>	40	40	Pending Cabinet Decision
<b>Closure/Transfer of toilets</b>	187	187	Pending Cabinet Decision
<b>Increase charges for garden waste sacks</b>	80	80	Pending Cabinet Decision
<b>CCTV Review</b>	50	50	Pending Cabinet Decision
<b>Community Protection Review</b>	150	150	Pending Cabinet Decision
<b>Increase car parking/on-street parking income (spend to save)</b>	(195)	(195)	Pending Cabinet Decision
<b>Community Regeneration</b>	48	48	Pending Cabinet Decision
<b>TOTAL</b>	<b>2,249</b>	<b>1,187</b>	



## CORPORATE SERVICE AREA

### Current Status – Revenue Budget by Service

Service	Budget Expend £'000	Budget (Income) £'000	Net Budget £'000	May Forecast Outturn £'000	Projected (Over)/ Under spend £'000
Customer Services & Communications	2,806	(428)	2,378	2,303	75
People, Policy & Partnership	8,879	(1,478)	7,401	6,799	602
Law, Governance & Resilience	3,545	(656)	2,889	2,835	54
Chief Officer: Finance & Commercial	57,584	(52,917)	4,667	4,092	575
Corporate Management	2,387	0	2,387	2,387	0
Chief and Deputy Chief Executive	(6)	0	(6)	348	(354)
Hoople contract				(725)	725
<b>Corporate Services</b>	<b>75,195</b>	<b>(55,479)</b>	<b>19,716</b>	<b>18,039</b>	<b>1,677</b>

### Overview

39. This group of services is currently expected to underspend by £1.677 million for the year. However once budget adjustments have been processed in June to reflect the additional savings and pressures which do not need Cabinet decision, (a net reduction of £1.942 million), the outturn will be an overspend of £265k. This overspend relates to pressures in Legal Services and Resilience.

### Customer Services & Communications

40. There is some risk surrounding the Customer Service savings and schemes are currently being reviewed by the budget holders as part of the additional savings. On 1 July 2013 Customer Services budgets will transfer to Places & Communities directorate and these will include the transfer of all current and future savings targets for that service.

### Law, Governance & Resilience

41. There is a projected overspend of £175k for the year in Legal Services. This is caused by the increased cost of additional in-house expertise in key areas of planning, childcare and employment law. However, this will lead to reduced outsourcing of legal work to solicitors and counsel which, in previous years, has cost the authority in excess of £400k per annum across the organisation.

42. There is also a pressure on the Resilience team of £90k because of saving targets as part of the Safer & Stronger Review and other income no longer achievable following the remodelling of the service.

### Chief Finance Officer & Commercial

43. There are risks to the Property Service budgets in relation to savings schemes held in all Directorates that include closure or transfer of services that have an impact on council buildings. These schemes will be closely monitored by Property Services through the office moves programme to ensure this impact is managed within the overall savings targets. If slippage occurs compensating savings will be identified.

### Hoople Contract

44. Hoople provides the Council with support services and has an additional target to support the savings target. This underspend reflects the additional agreed reduction in the annual contract charge payable to Hoople for 2013/14 but further information on the allocation of these savings is not yet available. Budgets for the year currently are allocated across the Directorate.

### Procurement Savings

45. Whilst £1m of the brought forward procurement savings target is being addressed through the recent additional savings review, Commercial Board has agreed a target of £300k will be achieved through procurement projects in 2013/14. These projects include printing, stationery, cash collection and mail services. This budget is currently held centrally.

### Corporate Savings Plans

46. The total savings for the Directorate totals £5.278 million made up of the original savings plans plus additional savings recently identified as part of the Chief Executive Review. This total includes £617k (including £100k treasury management) which are managed by the Directorate but also relate to budgets outside of the Directorate.

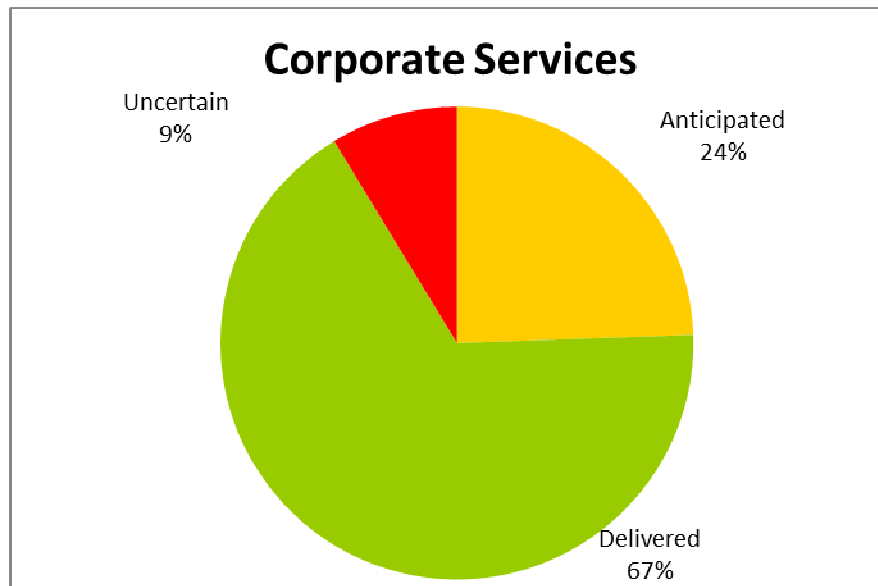
### Council Wide Savings

47. The council wide savings targets led by the Corporate Services are shown below. These are not currently included in the budget but will have an impact on all Directorate budgets once agreed.

	£000
Reduce Public Notices	10
Advertising & Publicity income	150
Employee reward proposals	357
<b>TOTAL COUNCIL WIDE SAVINGS</b>	<b>517</b>

48. The chart below shows the status on Corporate led savings as at 31st May.

CORPORATE SERVICES £000		
Delivered	Anticipated	Uncertain
3,529	1,290	459



**KEY**

**Delivered** – action has taken place to ensure saving will be made

**Anticipated** – Further savings included in forecast out-turn

**Uncertain** – Total savings target less delivered and anticipated savings

49. The table below sets out the savings schemes currently RAG rated as RED. These are schemes which have either not received the necessary Cabinet approval, so nil saving assumed, or are savings schemes which are currently not expected to deliver to target. The following schemes have been identified as at high risk of non delivery.

Scheme	Target £000	At Risk £00	Issue
<b>Emergency Planning</b>	50	50	Income not achievable
<b>Member's allowances</b>	60	60	Pending Council agreement
<b>Customer Services</b>	80	80	Pending Cabinet decision
<b>Advertising &amp; Publicity (Council wide project)</b>	150	150	Plan under development
<b>Unpaid leave</b>	357	119	Reduced from 3 days to 2
<b>TOTAL</b>	<b>697</b>	<b>459</b>	