

## **2006/07 REVENUE BUDGET MONITORING**

1. Appendix B1 shows the details of the projected outturn as at 31st July 2006 for each Programme Area.
2. The budgets shown for 2006/07 include the final carry forwards from 2005/06 which totalled £3.72million.

### **Overall position summary**

	<b>Net over or (-) underspending £000</b>
Children and Young People	-
Adult and Community	+3,570
Customer and Corporate	+ 280
Environment	+ 163
Resources	<u>- 164</u>
Net overspending Directorates	+3,849
Less Social Care Contingency	1,302
Financing Transactions projected surplus	<u>300</u>
Net Council Projected overspending	<u>+2,247</u>

### **Overall Conclusion**

3. At this early stage of the year, the key concern remains the potential overspend position on Adult Social Care budgets. Whilst some contingency funding has been made available to mitigate this problem and further is suggested in the draft Medium Term Financial Management Strategy, this is a position that requires continued active management.

### **Revenue Reserves Position as at 31st July 2006**

#### **General Reserves**

4. The General Revenue reserves as at 31st July totalled £14.525million including £3.72million of underspendings carried into 2006/07 from 2005/06.

The Council's draft Medium Term Financial Management Strategy includes proposals for managing General Fund Balances and specific reserves and ensuring a balanced budget, which would reduce the balance held to £5.080million by 31st March 2007.

## **Earmarked Reserves**

5. At 31st July 2006 the Council held £13.9million of earmarked reserves. The three largest reserves are the Waste Management Reserve of £1.386million, set up to help meet the cost of the new Waste Management arrangements, Herefordshire Connects £1.928million, set up to help meet the initial costs of this programme and the Schools Balances in hand of £8.739million.
6. Although it is too early in the year to predict the movement in school balances, it is expected that a proportion of the Herefordshire Connects Reserve will be used to fund 2006/07 revenue expenditure and that some of the smaller revenue reserves will be utilized in 2006/07.

## **DIRECTOR OF ADULT AND COMMUNITY SERVICES**

### **Directorate Summary as at 31st July 2006**

	<b>Overspendings £000</b>	<b>Underspendings £000</b>
Adult Services	3,392	-
Strategic Housing	83	-
Community Services	<u>95</u>	<u>-</u>
	<u>3,570</u>	<u>-</u>

Net overspending £3.57million

### **Adult Social Care**

7. The projected outturn for Adult Social Care is an overspend of £3.4million. Details of the projected area overspends are as follows:

Learning Disabilities - £1,219,000 overspend

Older People - £749,000 overspend

Physical Disabilities - £487,000 overspend

Mental Health - £813,000 overspend

Service Strategy - £96,000 overspend

Commissioning and Improvement - £32,000 overspend

8. An important indicator of Adult Services spending is the number of residential and nursing care packages. The 2006/07 trend data is as follows:

	2005/06	April 2006	June 2006
<u>Learning Disabilities</u>			
Nursing packages	2	2	2
Residential packages	61	61	61
<u>Mental Health</u>			
Nursing packages	90	99	102
Residential packages	149	151	151
<u>Older People</u>			
Nursing packages	131	127	134
Residential packages	156	167	171
<u>Physical Disabilities</u>			
Nursing packages	4	8	9
Residential packages	8	20.5	19.5

### **Strategic Housing**

9. The projected outturn for Strategic Housing is an overspending of £83,000 and this is based on current demand levels for temporary accommodation. The situation is being closely monitored as this position could easily change particularly if demand levels take an upward turn.
10. The projections reflect the decrease in the number of people presenting themselves as homeless. The decreasing numbers are reflected in lower spending in line with planned budget reductions. The total number of people in temporary accommodation is as shown below

Highest 2005/6	98
Lowest 2005/6	66
Average 2005/6	82
April 2006	58
May 2006	42
June 2006	32

11. Since January 2006 there has been a prevention team within the homeless section. The team's key objective is to prevent service users going into temporary accommodation. As the figures above indicate, there is a significant decrease in this happening.

### **Community Services**

12. The projected overspending of £95,000 is made up of the accommodated Leisure Contracts deficit brought forward (£100,000) and expected overspending on Parks (£50,000) and Public Rights of Way (£10,000), which can be offset by staff savings in social and economic regeneration.

### **Efficiency Savings**

13. All the Adult Services efficiency savings have been allocated out to client groups, except mental health and work is in hand to ensure they are being achieved.
14. The Community Services efficiency savings were all implemented into the base budget at the start of the year and the required savings are being achieved on an on going basis.

## **DIRECTOR OF CHILDREN'S SERVICES**

### **Directorate Summary as at 31st July 2006**

	<b>Overspending £000</b>	<b>Underspending £000</b>
Directorate Central Budgets		400
Children's Social Care/safeguarding and Assessment Services	400	
	<b><u>400</u></b>	<b><u>400</u></b>

Net position break even.

### **Dedicated Schools Grant**

15. Most (80%) of the former Education budget is now funded by Dedicated Schools Grant, which covers delegated school budgets and central services to schools and pupils. Any under or over spending will be carried forward into the Dedicated Schools Grant for 2007/08.
16. All schools except one have submitted their approved budgets for 2006/07 and based on current notifications of school spending plans school balances are expected to be as follows:

	<b>Budgeted Revenue balances</b>		<b>Outturn Revenue balances</b>	
		<b>2006/07</b>	<b>2005/06</b>	<b>2004/05</b>
Primary schools	£2.362m		£4.473m	£4.930m
High schools	£0.665m		£2.387m	£1.993m
Special schools	£0.136m		£0.277m	£0.336m
Total	£3.163m		£7.137m	£7.259m

17. It is encouraging to note that school revenue balances reduced last year and given the plans to introduce a balance clawback scheme that they will continue to fall in 06/07 although the budgeted balances look somewhat unrealistically low.

#### **Directorate central budgets**

18. The remaining education services such as strategic management, SEN assessment, asset management and transport are funded directly by the Council Tax. At this early stage in the year the projected under spend is of £400,000, mainly on school transport.

#### **Children's Social Care/ Safeguarding and Assessment Services**

19. The projected overspend on Children's Social Care is £400,000 and is mainly related to external residential agency placements (+£127k) and fostering (+£176k).
20. A further pressure is Out of Area Placements for children with complex needs which are jointly funded through a section 31 agreement between Health and Children's and Young People's Directorate (Schools Budget and Social Care elements). An over spend of £200,000 is projected as more children are expected to be placed during the remainder of this year. A claim on the social care contingency for the appropriate contribution will have to be considered.

#### **Summary**

21. Overall, the Children and Young People's budgets are on track to break even. This demonstrates the on going commitment to manage the resources in the best possible integrated way.
22. The funding arrangements and their fit with the service portfolios will need further work in order to describe the financial management position. This will be developed over this financial year.

#### **Efficiency Savings**

23. The efficiency savings required for 2006/7 have been fully taken into account in the Directorates budget planning for the year. The transport savings identified from route reviews last September are being maintained and further savings will be identified this September on an academic year basis. Efficiency savings are a key part of containing social care spending.

## DIRECTOR OF CORPORATE AND CUSTOMER SERVICES

### Directorate Summary as at 31st July 2006

Net Underspending	Overspending £000	Underspending £000
Herefordshire Partnership		60
Info by phone	160	
Legal and Demographic Services	<u>180</u>	—
	<b><u>340</u></b>	<b><u>60</u></b>

Net overspending £280,000

### Corporate and Customer Services

24. Most of the budgets are expected to break even although some modest savings are predicted at this stage in the year.
25. The main issue to be resolved is the funding for the Info by Phone Centre, which is expected to open in November. The staff costs will total approximately £160,000 and there may be one off costs as well.
26. The Legal and Demographic Services budgets are expected to overspend by £180,000 due to one redundancy and pension costs and the implementation of the new structure.

## DIRECTOR OF ENVIRONMENT as at 31st July 2006

### Directorate Summary

Net Underspending	Overspending £000	Underspending £000
Environmental		
Health and Trading Standards	33	
Planning	130	
Highways and Transportation	-	
	<b><u>163</u></b>	

Net overspending £163,000

### Efficiency Savings

27. Good progress has been made in achieving these savings. Some of the ICT procurement savings have yet to be finally confirmed.

### Environmental Health and Trading Standards

27. An overspending of £33,000 is expected due to the additional costs incurred as a result of the Cadbury's case. Government Grant funding to help meet these costs have been applied for but no decision has yet been received.

## Highways and Transportation

28. A number of these budgets are under pressure but no major variations have been identified. The level of work ordered will be carefully monitored to ensure spending remains within budget.

## Planning

29. A shortfall in fee income of £130,000 during the year is projected based on the first four months of the year although it is still possible that the income target will be met.

## Efficiency Savings

30. The efficiency savings have all been taken into account in the Directorate budget planning. Action is being taken to ensure the savings are being realised.

## DIRECTOR OF RESOURCES

### Directorate Summary as at 31st July 2006

	Projected Overspending £000	Projected Underspending £000
Corporate Budgets	-	100
Property Services	-	64
Finance	-	-
	<u>-</u>	<u>164</u>

Net underspending £164,000

## Corporate Budgets

31. At this early stage in the year a net underspending of £100,000 is expected. This sum includes an additional £19,000 in respect of the 2005/06 Local Authority Business Growth Incentive Scheme.

## Finance

32. A break-even outturn is predicted at present although this means that any one off costs of the restructuring will have to be contained within the budget. A contribution may also be needed as an addition to the sum of £100,000 set aside for organisational development from 2005/06 carry forwards.

## Property

33. A modest underspending of £64,000 is predicted with an overspending of £149,000 on Administrative Buildings largely due to increased non-domestic rate costs being more than offset by additional income on a number of services.

### **Efficiency Savings**

34. All the efficiency savings have been allocated to cost centres and services. Careful budget monitoring will be maintained in order to ensure that the savings will be achieved.

### **FINANCING TRANSACTIONS**

At this stage in the year an underspending of £300,000 is being predicted largely due to careful investment management. Slippage in capital programmes usually occurs in most years which if repeated in 2006/07 could generate further under spend.