

2006/07 REVENUE BUDGET MONITORING

Summary

1. The following table summarizes the 2006/7 projected outturn as of the end of September 2006. It also includes figures from July's report to permit comparison between current and previously reported figures.

	September 2006 Net over or (-) underspending £000	July 2006 Net over or (-) underspending £000
Adult and Community	+2,783	+3,570
Children & Young People's	+167	-
Customer and Corporate	+83	+280
Environment	+25	+163
Resources	-30	-164
Net position	+3,028	+3,849
Less:		
Social Care Contingency	-1,302	-1,302
Financing Transactions projected surplus	-500	-300
Net Council projected overspend	+1,226	+2,247

2. The overall position shows a projected £1.226 million overspend. This is 1.03% of the Council's £118.285 million revenue budget (excluding Direct Schools Grant funding). The position has improved since the last report where a £2.247million overspend was projected. The projected position is after allowing for use of the £1.302million Social Care contingency and the impact of cash flow profile that has increased the projected position on financing transactions. Slippage in the capital programme has helped this improved position.
3. As previously reported, there is a key concern around the potential overspend position on Adult Social Care budgets. As part of the overall 2006/07 budget, some contingency funding is available to mitigate this problem. The medium term financial strategy identifies that the social care contingency will be increased by £1.7million, topping it up to £3m given the previous forecasted overspend.
4. For the first time this year the position in Children's Services has also moved into a projected overspend and must also be viewed as a key risk for the remainder of the financial year.

Revenue Reserves Position as at 30th September 2006

General Reserves

5. The General Revenue reserves as at 30th September totalled £14.525 million including £3.72 million of underspendings carried into 2006/07 from 2005/06.
6. The Council's draft Medium Term Financial Management Strategy includes proposals for 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 key corporate financial risks.

Earmarked Reserves

7. At 30th September 2006 the Council held £13.9 million of earmarked reserves. The three largest reserves are:
 - Waste Management Reserve £1.386m
 - Herefordshire Connects £1.928m
 - School Balances £8.739m
8. School balances are ring fenced and in 2006/07 budgeted to reduce.
9. It is too early in the year to predict whether school balances are on target to reduce. 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 utilised in 2006/07.

DIRECTOR OF ADULT AND COMMUNITY SERVICES

Directorate Summary as at 30th September 2006

	September 2006 Net over or (-) underspending £000	July 2006 Net over or (-) underspending £000
Adult Services	+2,743	+3,392
Strategic Housing	+8	+83
Community Services	+79	+95
Commissioning and Improvement	-47	0
Total	+2,783	+3,570

Adult Services

10. The projected outturn for Adult Social Care is an overspend of £2.783 million. Details of the projected area overspends are as follows:
- Learning Disabilities - £1,294,000 overspend
 - Older People - £77,000 overspend
 - Physical Disabilities - £609,000 overspend
 - Mental Health - £580,000 overspend
 - Service Strategy - £125,000 overspend
11. The Adult Services projection has decreased because job evaluation funding is now included in the base budget. The joint "Section 31" agreements with Health continue to cause financial pressure and the original 2006/07 risk sharing agreement has been suspended. The suspension reflected the PCT's requirement to meet its proportion of the national savings target for the Health Service. The Council will fund its own share of the overspend and these figures are included in the above projections.
12. Work is underway to analyse the care packages that can be funded by the Access and Systems capacity grant. This may further reduce the projected overspend on Adult Services and an update will be given in the next Integrated Performance Report.
13. A key budget pressure within Adult Services spending is the number of residential and nursing care packages. The 2006/07 trend data is as follows:

	2005/06	April 2006	September 2006
<u>Learning Disabilities</u>	63	63	63
Nursing packages	2	2	52
Residential packages	61	61	61
<u>Mental Health</u>	239	250	256.5
Nursing packages	90	99	103.5
Residential packages	149	151	153
<u>Older People</u>	287	294	293.5
Nursing packages	131	127	133.5
Residential packages	156	167	160
<u>Physical Disabilities</u>	12	28.5	33.5
Nursing packages	4	8	13
Residential packages	8	20.5	20.5

14. Within the learning disabilities and physical disabilities client groups there is minimal turnover. Once a service user enters the system they remain until their death, which can be for a number of years. The other client groups have a higher level of turnover due to the age and health of service users.

Strategic Housing

15. The projected outturn for Strategic Housing is an overspending of £8,000 based on current demand levels for temporary accommodation. The situation is being closely monitored in case demand increases. However, this year has seen good progress to reduce pressure.
16. 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. Details of numbers involved are as follows:
- Highest 2005/06 98
 - Lowest 2005/06 66
 - Average 2005/06 82
 - Average 2006/07 34
17. 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.

Community Services

18. The projected overspending of £79,000 is made up of Public Rights of Way (PROW) work, the accumulated leisure deficit brought forward and pressure in other areas. Management action is being taken to address the position and balance the budget this financial year.

Efficiency Savings

19. All the Adult Services efficiency savings have been allocated out to client groups. Discussions are on-going about Mental Health and work is in hand to ensure savings are being achieved.
20. 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 AND YOUNG PEOPLE'S SERVICES

Directorate Summary as at 30th September 2006

	September 2006 Net over or (-) underspending £000	July 2006 Net over or (-) underspending £000
Directorate Central Budgets	-421	-400
Children's Social Care/Safeguarding and Assessment Services	+588	+400
Total	+167	0

21. The current position is a projected overspend of £167,000. In the last report the overall position for the Directorate was a projected balanced budget.

Dedicated Schools Grant

22. Most (80%) of the former Education budget is now funded by Dedicated Schools Grant. This funds delegated school budgets and central services to schools and pupils. Any under or overspending will be carried forward into the Dedicated Schools Grant for 2007/08.
23. Schools Forum set the schools' budget in February 2006 and subsequent finalisation of DSG has resulted in a £185,000 budget deficit to be carried forward to 2007/08. It is anticipated the £26,000 projected underspend in 06/07 will offset this shortfall.

Directorate Central Budgets

24. The Dedicated Schools Grant does not fund the remaining education services such as strategic management, SEN assessment, asset management and transport. At this early stage in the year the projected underspend is of £421,000, mainly on school transport.

Children's Social Care/ Safeguarding and Assessment Services

25. The projected overspend on Children's Social Care is £588,000 and is mainly related to external residential agency placements (£368,000) and fostering (£247,000).
26. 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 and Young People's Directorate (Schools Budget and Social Care elements). An overspend 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

27. Overall, the Children and Young People's budget has moved into a projected overspend of £167,000.

Efficiency Savings

28. The efficiency savings required for 2006/07 have been fully taken into account in the Directorate's 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.

DIRECTORATE OF CORPORATE AND CUSTOMER SERVICES

Directorate Summary as at 30th September 2006

	September 2006 Net over or (-) underspending £000	July 2006 Net over or (-) underspending £000
Herefordshire Partnership	-40	-60
Communications	-20	0
Director and Administration	-50	0
Emergency Planning	+6	0
Legal and Democratic Services	+187	+180
Info. By Phone	0	+160
Total	+83	+280

Corporate and Customer Services

29. The overall projected underspend is £83,000 and assumes all carry forwards will be used this current financial year.
30. The launch of the proposed INFO by phone centre will bring significant budget pressures for start-up and on-going costs. In the previous report an overspend of £160,000 was projected. Detailed work is on-going to identify resources to fund the project. Related savings in service directorates will be identified and re-directed. This may have an impact on other directorates' projections. ICT are currently looking at their ability to support corporate priorities and there may be some cost implications that impact on other directorates.

DIRECTOR OF ENVIRONMENT

Directorate Summary as at 30th September 2006

	September 2006 Net over or (-) underspending £000	July 2006 Net over or (-) underspending £000
Environmental Health and Trading Standards	0	+33
Planning	+25	+130
Highways and Transportation	0	0
Total	+25	+163

Efficiency Savings

31. Good progress has been made in achieving these savings. Some of the ICT procurements savings have yet to be finalized.

Environmental Health and Trading Standards

32. The overall year end position is estimated as break even. The level of payment against the Waste Management contract is below the profiled budget and will be monitored over the coming months for its impact on future projections.

Highways and Transportation

33. A number of budgets remain under pressure. Car park fee income to the end of September is below target and may be related to traffic disruption around Hereford.

Planning

34. An overspend of £25,000 is projected after assessing fee income to the end of the year. Planning fee income is treated as a corporate resource.

Efficiency Savings

35. The efficiency savings have all been taken into account in the Directorate's budget. Action is being taken to ensure the savings are made.

DIRECTOR OF RESOURCES

Directorate Summary as at 30th September 2006

	September 2006 Net over or (-) underspending £000	July 2006 Net over or (-) underspending £000
Corporate Budgets	-150	-100
Property Services	0	+64
Finance	+120	0
Procurement	0	0
Total	-30	-36

36. An underspend of £30,000 is projected but this assumes corporate budgets are allocated to this Directorate's area of responsibility.

Corporate Budgets

37. At this stage in the year a net underspending of £150,000 is expected. Anticipated savings on corporate subscriptions, insurance and Environment Agency levies will be offset by an amendment to previous grant settlements of £164,000. This sum also includes £19,000 for the Local Authority Business Growth Incentive Scheme.

Finance

38. Costs of the Directorate restructure are assumed to be met by the reserve for organisational development. However, until a decision is made on its use, the costs will be shown against the relevant service areas.

Property

39. The net position is break-even although some significant variations exist within the service area. There is additional income for rent that offsets overspending on buildings and corporate property maintenance.

Efficiency Savings

40. All the efficiency savings have been allocated to cost centres and services. Careful budget monitoring will help ensure that the savings will be achieved.

FINANCING TRANSACTIONS

41. At this stage in the year an underspending of £500,000 is being estimated. This results from careful investment management as well as the effect of capital programme slippage. Slippage has occurred in previous years and 2006/07 is no exception. This has increased the underspending on financing transactions. If slippage continues to grow it will further increase the position.