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| Strategic Overview & Scrutiny Committee 30 June 2009 | Public | |
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REVENUE OUTTURN 2008/09 (SHROPSHIRE COUNTY COUNCIL)

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Summary

This report provides details of the revenue outturn position for Shropshire County Council for 2008/09 and provides a summary of:

- The revenue outturn for each Directorate with a commentary on the main variations.
- The movements in the Council's general balance.
- The Council's reserves and provisions (further details are provided within a separate report on Reserves, Provisions and Balances).

Revenue Outturn Summary 2008/09

The final outturn for 2008/09 is an overspend of £2,141,000 on an original gross budget of £445,691,000 (original net budget was £173,004,000). The overall position is as follows:

| Directorate/Service | Overspend/ (Underspend) £000 |
|--|---|
| Children and Young People | 0 |
| Community Services | 0 |
| Economy and Environment | (37) |
| Economy & Environment Services - Highways | 2,386 |
| Resources (including Shire Services) | 61 |
| Corporate Issues | (155) |
| Chief Executive's Office | (114) |
| Legal & Democratic Services | 0 |
| Total | 2,141 |

For **Children and Young People's Services** there is a balanced budget for 2008/09. An overspend of £501,225 across various services including Social Care & Safeguards and Inclusion Services has been fully offset in 2008/09 by applying one off contributions from the C&YPS Directorate Carry Forward and Advisory Service Reserves.

For **Community Services** there is a balanced budget. This compares to an overspend of £178,000 at the end of 2007/08. During this year, there is an overspend of £65,000 on Learning Disability services principally due to the cost of transition cases, but this is offset by an underspend within Business Strategy and Support.

For **Economy and Environment** a net overspend of £2,349,000 has been carried forward into 2009/10. Additional costs of £2,386,000 arising from the severity of the winter weather and the flooding of September 2008 have been ringfenced to Highways and funded as a first call on the 2009/10 Highways Maintenance budget. After removing the ringfenced overspend on Highways Maintenance, the Directorate has a net underspend of £37,000 which will be ringfenced to deal with service pressures arising in 2009/10.

For **Resources, Chief Executive's Office, Legal and Democratic Services and Corporate Issues** the overall position is an underspend of £208,000. There was an overspend of £61,000 within Resources which included increased energy costs and lower than budgeted income within Property Services. Shire Services trading surplus for the year was £96,000 and this will be carried forward to 2009/10. Within the Chief Executive's Office the most significant underspends were against Human Resources and Development and Shropshire Partnership, these were mainly due to staffing savings and underspends against equalities initiatives. Legal and Democratic Services outturned at a nil variation from budget. Finally, within Corporate Issues there was an overall underspend, mainly due to underspends against Local Committee budgets, Corporate and Democratic Core, Precepts and Shirehall Catering, partially offset by additional costs associated with corporate responsibilities.

Recommendations

To Cabinet, Strategic Overview and Scrutiny Committee, Audit Committee and Council

- A. To note that the Outturn for the Revenue Budget for 2008/09 is overspend of £2,141,000, this represents just 0.5% of the original gross budget of £445,691,000.
- B. To note that the level of the general balance stands at £2,250,000 (2007/08 £2,720,516), which is within the Council's policy of ½% to 2% of the gross revenue budget.
- C. To note that the level of school balances stand at £7,552,027 (2007/08 £8,446,000).

REPORT

Revenue Monitoring 2008/09

1. Cabinet has received regular quarterly monitoring reports on the revenue budget during the course of the year. This has meant that Directorates have identified their problem areas at an early stage and have had time to take the action necessary to deal with the issues arising.
2. In summary, the overall position identified in the monitoring reports during the course of the year has been as follows:

| Directorate/Service | Revenue Budget 2008/09 Projected Overspend / (Underspend) | | | | |
|--------------------------------------|--|---------------|---------------|---------------|-----------------|
| | Qtr 1 £000 | Qtr 2 £000 | Qtr 3 £000 | Qtr 4 £000 | Outturn £000 |
| Children and Young People | 0 | 0 | 0 | 0 | 0 |
| Community Services | 0 | 192 | 0 | 0 | 0 |
| Economy and Environment | 0 | 50 | (30) | 2,514 | 2,349 |
| Resources (including Shire Services) | (36) | (54) | 200 | 0 | 61 |
| Corporate Issues | 33 | (11) | 55 | 4 | (155) |
| Chief Executive's Office | (30) | (53) | (73) | (54) | (114) |
| Legal & Democratic Services | 0 | (29) | 12 | 45 | 0 |
| Total | (33) | 95 | 164 | 2,509 | 2,141 |

3. Full details of the final outturn position for each Directorate are set out in Appendices 1 to 6. In accordance with the Council's Financial Rules, all overspends have to be recovered by the identification of savings during 2009/10.

Revenue Outturn Summary 2008/09

4. The final outturn for 2008/09 shows overall net revenue expenditure of £175,278,000 and an overspend of £2,141,000. The overall position for Directorates and Schools' balances, is detailed below:

| | Directorate Budgets £000 |
|--|-----------------------------|
| Original Budget | 173,004 |
| Prior year underspend set against 2008/09 budget | 133 |
| Budget available to spend in 2008/09 | 173,137 |
| Outturn for 2008/09 | 175,278 |
| Underspend carried forward to add to 2009/10 budget | 2,141 |

The movement in schools' balances is as follows:

| | 2007/08 £000 | 2008/09 £000 | Increase/ (Decrease) £000 |
|--|-----------------|-----------------|---------------------------------|
| Schools: | | | |
| - Revenue Balances | 5,883 | 5,305 | (578) |
| - Invested Balances | 2,205 | 2,074 | (131) |
| - Foundation Schools' external balances* | 358 | 173 | (185) |
| Total | 8,446 | 7,552 | (894) |

* Foundation Schools' 2008/09 external balances of £173,000 have been estimated.

5. For Directorates budgets' the overall position is a net overspend of £2,141,000, excluding the effect of below the line items. The impact of below the line items is transferred to general balances, during 2008/09 a below the line underspend of £20,000 was contributed to general balances, the impact of this can be seen at paragraph 64. The Directorates overspend of £2,141,000 represents just 0.5% of gross budget and hence is indicative of continued careful management of resources by directorates within allocated cash limits, despite the challenges faced in some sensitive service areas.

6. Looking at the position for Directorates in a little more detail the position is as follows:

| | Children and Young People £000 | Community Services £000 | Economy and Environment £000 | Res, CEX, L&DS and Corporate* £000 | Total £000 |
|---|---|------------------------------------|---|---|-----------------------|
| Budget (incl. in year virements) | 44,248 | 69,813 | 34,576 | 30,250 | 178,887 |
| Prior year over and under spends (set against) or added to 2008/09 budget | 0 | (178) | (122) | 433 | 133 |
| Budget available to spend in 2008/09 | 44,248 | 69,635 | 34,454 | 30,683 | 179,020 |
| Outturn for 2008/09 | 44,248 | 69,635 | 36,803 | 30,475 | 181,161 |
| Over or (under) spends carried forward to set against or add to 2009/10 budget | 0 | 0 | 2,349 | (208) | 2,141 |

* Resources, Chief Executive's Office, Legal & Democratic Services and Corporate Issues

7. The detailed variations for each directorate are set out in Appendices 1 to 6. The main features of the outturn position to note for each Directorate are set out in the remainder of the report.

Children and Young People (Appendix 1)

8. The final outturn for the Children and Young People Directorate and Schools' balances is as follows:

| | Directorate £000 |
|--|-----------------------------|
| Original budget (including in year virements) | 44,248 |
| Prior year under spends added to 2008/09 budget | 0 |
| Budget available to spend in 2008/09 | 44,248 |
| Outturn for 2008/09 | 44,248 |
| Underspend carried forward to add to 2009/10 budget | 0 |

9. The Directorate, excluding delegated school budgets, shows a net nil variation. In addition school balances, including invested sums and foundation schools, have reduced by £894,000 to £7,552,000, a reduction of 10.6%.

10. The movement in schools' balances is as follows:

| | 2007/08 £000 | 2008/09 £000 | Increase/ (Decrease) £000 |
|--|-----------------|-----------------|---------------------------------|
| Schools: | | | |
| - Revenue Balances | 5,883 | 5,305 | (578) |
| - Invested Balances | 2,205 | 2,074 | (131) |
| - Foundation Schools' external balances* | 358 | 173 | (185) |
| Total | 8,446 | 7,552 | (894) |

* Foundation Schools' 2008/09 external balances of £173,000 have been estimated.

11. Schools' balances have to be ringfenced for use by schools and schools have the right to spend those balances at their discretion. The total balance of £7,552,000 represents 5.4% of Schools' delegated budgets, an analysis of this balance is provided in the table below:

| | Balance as at 31 March 2009 | | | |
|---------------------|-----------------------------|-----------------------------|------------------------|------------------------|
| | £000 | As a % of Delegated Budgets | No. Schools in Surplus | No. Schools in Deficit |
| Primary Schools | 5,294 | 7.8 | 132 | 8 |
| Secondary Schools | 1,620 | 2.5 | 19 | 2 |
| Special Schools | 465 | 8.6 | 2 | 0 |
| Foundation Schools* | 173 | 5.1 | 2 | 0 |
| Total | 7,552 | 5.4 | 155 | 10 |

* Foundation Schools' 2008/09 external balances of £173,000 have been estimated.

12. Following consultation with the school's forum and head teachers, these balances have been used to purchase IT equipment for schools, the cost of this equipment is then recharged to schools over the life of that equipment, effectively operating as an internal leasing arrangement. At the end of 2008/09 £240,000 of the £7,552,000 was being used in this way.
13. Appendix 1 provides a full analysis of variations against budget for the Children and Young People's Services Directorate. There is an overall net base budget overspend of £501,225, which has been fully offset in 2008/09 by applying one-off contributions from the C&YPS Directorate Carry Forward and Advisory Service Reserves.

Schools' centrally managed budgets £532,000 underspend

14. Schools' related budgets contain general contingencies for data changes and unforeseen circumstances, which has been underspent by £56,000. The full year effect of successful rateable value appeals, undertaken by Property Services on behalf of the directorate, has given rise to further savings of £476,000.

Inclusion Services £329,000 overspend

15. Expenditure on out of authority placements in the independent and non maintained sector is now projected to overspend by £355,000 based on current placements (44.5 fte's), due largely to continuing tribunal outcomes requiring additional levels of provision and placement. The cost of additional placements made in 2008/09 amounts to £643,000, which is partly offset by one-off prior year accruals and contingencies of £288,000. Devolved funding delivered to Shropshire schools has been overspent by £54,000 due to a higher incidence of new in-school placements during the year. Other savings within Inclusion Services have reduced the above overspendings by £80,000.

Local Authority Budget – Home to School Transport £376,000 overspend

16. Additional transport days within the financial year caused an overspend of £270,000. At the same time, contract inflation is £100,000 in excess of budgeted provision, and other additional service provision pressures, particular on secondary and special schools' transport, of £708,000 are impacting on the base budget. It is anticipated that £702,000 of these pressures can be funded through the Transport Days Reserve, but that the residual balance will need to be funded from within overall directorate's balances.

Local Authority budget – Joint Use £75,000 underspend

17. Refunds from 2007/08 Joint Use contributions and unallocated contingencies have produced one-off savings of £75,000.

Local Authority budget – Directorate Management and Administration £318,000 underspend

18. The savings from vacancy management and good housekeeping measures together with grant funding are being applied to help manage spending pressures within priority service areas.

Local Authority budget – Advisory Service £168,000 underspend

19. A reduced requirement for matched funding for Standards Fund has generated a saving of £168,000.

Local Authority budget – Early Retirement Contributions £144,000 overspend

20. One-off payments are required to meet the costs of "pension fund strain" associated with the early retirement of non teaching staff in schools and other services.

Social Care and Safeguards - £745,000 overspend

21. The table below provides a financial summary of the year end position for Social Care and Safeguards. Further information on each of the items is also provided in the attached Analysis of Variation from Budget:

| | £000 | £000 |
|--|-------|--------------|
| Children Looked After – Overspend in 2007/08 | | 910 |
| Less additional allocation in 2008/09 budget strategy | (700) | |
| Less projected net savings (from new block contract and third children's home arrangements, and other contractual savings) | (321) | |
| Increased full time equivalent placements | 559 | |
| Reduced net contributions from other funding partners | 1 | (461) |
| Children Looked After - Overspend in 2008/09 | | 449 |
| Other Social Care and Safeguards Budgets | | |
| Foster Care placements | 267 | |
| Community Homes | 299 | |
| Assessment and Care Management | 28 | |
| Children Leaving Care | 39 | 633 |
| Total Social Care and Safeguards - Overspend in 2008/09 | | 1,082 |

| | | |
|--|-------|------------|
| Before Use of Available Funding | | |
| Overspend partly met from | | |
| Contingencies | (123) | |
| One-Off Contractual Savings from 2007/08 | (71) | |
| Application of additional grant funding | (143) | (337) |
| Total Social Care and Safeguards - Overspend in 2008/09 | | 745 |
| After Use of Available Funding | | |
| Funded By: | | |
| Net underspendings elsewhere in the Directorate | | (244) |
| Contribution from CYPS Directorate Carry Forward Reserve | | (48) |
| Contribution from Advisory Service Reserve | | (453) |
| Net Position | | 0 |

22. Additional budget growth of £700,000 was approved for Looked After Children's budgets in the County Council's 2008/09 budget strategy. This, along with savings being generated from new block contract and third children's home arrangements, offset by an increased numbers of placements, has resulted in the overspend on external placements being reduced from the £910,000 actual overspend in 2007/08 to £449,000 in 2008/09 at current placement levels.
23. Overspendings continue, in line with 2007/08 base budget pressures, on foster care placements (£267,000), due to the need to use more expensive independent foster care agencies to meet demand. The new additional part year costs of Havenbrook, the third children's home, are £281,000, although there are offsetting savings being realised within the external placements' budget. There is also a small overspend of £18,000 against the other two children's homes' budgets. Assessment and Care Management costs are overspending by a net £28,000 due to the need for continued and additional agency staffing arrangements to fulfil the local authority's statutory children's safeguarding responsibilities, offset by additional grant funding allocations, and the implementation of job evaluation agreements for social workers. There is a continued overspend on Children Leaving Care of £39,000, which relates to the payment of statutory weekly allowances.
24. There are also offsetting savings being managed through contingencies (£123,000), one-off contractual savings from last year (£71,000) and other base budget and grant funded sources (£143,000).
25. Work is being undertaken to review the actual levels of service provision needed across the directorate in 2009/10, in order to manage the required levels of expenditure within budgets available. Savings will continue to be made wherever possible by applying grant funding to existing activity levels, and by identifying and applying contingencies to meet base budget pressures. Savings will also increase during 2009/10 through the full implementation of the block contract and the new children's home arrangements. An active recruitment programme is being undertaken to appoint a number of permanent social workers, thereby reducing the requirement for high cost agency staffing. Finally, budget proposals for 2009/10 include an allocation of £525,000 together with a further £125,000 for safeguarding so as to support financial pressures within Looked After Children services.

Community Services (Appendix 2)

26. The final outturn position for Community Services is a balanced budget. The directorate started the year with an overspend of £178,000. Overall, the final outturn position can be summarised as follows:

| | £000 |
|--|---------------|
| Budget (including in year virements) | 69,813 |
| Prior year overspend set against 2008/09 budget | (178) |
| Budget available to spend in 2008/09 | 69,635 |
| Outturn for 2008/09 | 69,635 |
| Overspend carried forward to deduct from 2009/10 budget | 0 |

27. Appendix 2 provides a full analysis of variations. For convenience a summary is provided below.

| | Base Budgets with budget variations £000 | Q4 projected over/(under) spend £000 | Outturn Full Year over/(under) spend £000 |
|--|---|---|--|
| Total Adult Social Care | 54,789 | 65 | 65 |
| Total Learning, Culture & Community Safety | 8,341 | 0 | 0 |
| Business Support | 6,505 | (65) | (65) |
| Total | 69,635 | 0 | 0 |

Adult Social Care - £65,000 variation

28. Older People services have ended the year on budget. This is despite increasing demand for services during the year. Demand pressures have been carefully managed through the year but these pressures will continue going forward and will become more challenging as demand continues to increase. Placements in block contracts and in-house services have been maximised to ensure value for money.
29. Physical Disability services have also ended the year with a balanced position. As with Older People services the demand for care has been managed through the year.
30. The overspend within Adult Social Care comes from the Learning Disability Service. There has been and will continue to be pressure from two ends of the spectrum within Learning Disabilities, firstly there is increasing pressure relating to transition cases from Children Services and secondly there is pressure from Older Carers who are no longer able to carry out the role. The pressure has been managed through cost effective placements that not only meet the clients care needs but also encourage independence.
31. Mental Health services have managed within budget for 2008/09. Demand for services can be unpredictable in this service area and sometimes expensive. However the service has moved away from traditional day care arrangements and now focuses on social inclusion, encouraging people to be more involved in society through for example, social groups or arts and crafts. This shift has resulted in a balanced budget.

Learning, Culture and Community Safety – Balanced Budget

32. The Cultural service has ended the year £52,000 over budget. This is due to the capital works that have been undertaken during this financial year at Shropshire Hills Discovery Centre and Acton Scott Working Farm. This pressure will be a one off occurrence as the capital works have now been complete.
33. A small underspend within the Library service has offset the overspend in the Cultural service.
34. The Learning Education and Training service (LETs) has produced a small underspend of £5,000.
35. Community Safety has ended the year with a balanced position.

Business Support – £65,000 variation

36. The Business Support and Strategy service has completed the year with an underspend of £65,000 due to vacancies across this service area.

Pooled Budgets

37. The Community Services Directorate hosts one pooled budget arrangement with the Primary Care Trust for Intermediate Care Services. The pooled budget arrangement is drawn up under Section 75 of the 1999 Health Act, known generally as Health Act Flexibilities. This arrangement is included within the wider portfolio of Joint Commissioning in Shropshire. The outturn position for the pooled budget is as follows:

| Pooled Budget | Budget £000 | Expenditure £000 | Carry Forward £000 |
|----------------------|------------------------|-----------------------------|-----------------------------------|
| Intermediate Care | 1,234 | 1,234 | 0 |
| Total | 1,234 | 1,234 | 0 |

Economy and Environment (Appendix 3)

38. The final outturn position for Economy and Environment is a net overspend of £2,349m. As in previous years, the overspend will need to be recovered from the 2009/10 service division budgets. Overall, the final outturn position can be summarised as follows:

| | £000 |
|--|---------------|
| Budget (including in year virements) | 34,576 |
| Prior year overspends set against 2008/09 budget | (122) |
| Budget available to spend in 2008/09 | 34,454 |
| Outturn for 2008/09 | 36,803 |
| Overspend carried forward to set against 2009/10 budget | 2,349 |

39. A full analysis of the net overspend for Economy and Environment Services is set out in Appendix 3. For convenience, a summary is provided below

| Service | Over/(Under) spend £000 | Comment |
|--|--------------------------------|--|
| Highways Maintenance | 326 | In line with agreed over programming strategy. This will be ringfenced to the service and carried forward to 2009/10. |
| Decriminalised Parking Enforcement | 132 | Reduction in income from penalty charge notices. |
| Severe Weather | 2,060 | Overspend from severe weather and September 2008 floods. This will be ringfenced to the service and carried forward to 2009/10. |
| Passenger Transport | 130 | Impact of market uncertainty and September tender round. |
| Transport Planning | (73) | Vacancy management and re-structure. |
| Traffic Management | 16 | Deployment of agency staff. |
| Traffic & Highway Engineering | 4 | Deployment of agency staff. |
| Road Safety | 5 | Additional expenditure on training & publicity. |
| Highways Development Control | 18 | Reduced fee levels. |
| Transport Co-Ordination | (48) | Vacancy management and re-structure. |
| Planning Development Control | (110) | Increased level of planning fees. |
| Sustainability | (8) | Earmarked for economic assessment at Montgomery Canal. |
| Economic Regeneration | (14) | Vacancy Management. |
| Trading Standards | 5 | Marginally reduced income. |
| Business Support | (94) | Vacancy management. |
| Directorate Overspend | 2,349 | |
| Directorate Underspend less amounts ringfenced to Highways | (37) | |

Highways Maintenance and Severe Weather- £2,386,000 overspend

40. The severity of the winter weather during 2008/09 has resulted in a significant overspend within the winter service. The number of turnouts for the gritting fleet has been twice that allowed for in the budget, and the situation has not been helped by a national shortage of salt which has seen prices rise significantly. At Quarter Three it was reported that the Authority had used an amount of salt equivalent to that expected in a whole year. The severity of the winter weather continued throughout January and February (including several significant snow falls), and this has caused the budget to be significantly overspent.

41. The immediate cost of temporary/remedial repairs to the Highway and Bridge network arising from the floods at the beginning of September 2008 has been completed at a cost of £1,515,000. Financial assistance has been made available from the Government through the Bellwin Scheme of Emergency Financial Assistance, and a claim for re-imburement of costs has been submitted. The Directorate will receive £689,000 of funding through the Bellwin Scheme.
42. At Quarter Three concerns were raised that the Highways Maintenance budget itself would have difficulty containing the costs of winter maintenance and other highways works associated with the floods, whilst continuing to effectively manage the operation of the maintenance programme. Additional expenditure in excess of £1m was forecast at the time. After taking into account the expected receipt of £689,000 in grant through Bellwin, additional expenditure of £2,386,000 has been incurred. However, as with the annual over programming allowance within Highways, any overspend within the service this year will be ringfenced to Highways and funded as a first call on the 2009/10 Highways Maintenance budget.

Decriminalised Parking Enforcement £132,000 overspend

43. The Implementation Executive on 3rd December 2008 agreed to a more flexible approach to parking enforcement and a reduction in the number of parking attendants to 14. Both the more tolerant approach and the reduction in parking attendant numbers have contributed to a significant reduction in the income received through the issue of penalty charge notices. An operating deficit of £232,000 has arisen, offset by a provision of £100,000 earmarked in the Highways Maintenance Programme.

Public Transport/Transport Operations £130,000 overspend

44. The Council's Rural Transport Strategy, and the introduction of a Demand Responsive Transport (DRT) service has been implemented from November 2008. The budget has received additional growth in 2008/09 of £462,000 in preparation for this change in the provision of passenger transport.
45. The cost of providing public transport services continues to increase and this is particularly the case in rural areas where passenger demand is limited, operating costs are high and competition between operators is relatively low. Additional pressures on the budget this year have arisen from an increase in the cost of implementing the Rural Transport Strategy, the costs of implementing the full year effect of 2007/08 de-registrations, and re-tenders being higher than anticipated.
46. The additional cost of contracts re-tendered in September 2008 has been significantly higher than anticipated. Recent increases in the cost of fuel have led to a level of uncertainty in the market which has been translated into higher tender prices.

Highways Development Control - £18,000 overspend

47. The slowdown in both the housing market and the economy in general has contributed towards significantly less income from fees being generated. Fees levied from local land charges, which are generated through the buying and selling of houses, are approximately 30% down on the previous year. Similarly fees generated from the inspection and checking of commercial developments are also significantly lower than expected.

Waste Management – Balanced Budget

48. 2008/09 has marked the first full year of operation for the Shropshire Waste Partnership. The SWP underspent by £647,000 in 2007/08 and this has been carried forward in a general reserve to be offset against future revenue and capital pressures.
49. The budget for 2008/09 assumes a small growth in waste tonnages on the previous year. An under spend of approximately £264,000 has arisen from lower than expected disposal costs offset by a number of procurement expenses. This will be ring fenced to the service and carried forward in a general reserve, to be earmarked towards future capital and revenue pressures in the budget.
50. From 20 October 2008 the Shropshire Waste Partnership has included the waste collection function of Shrewsbury and Atcham Borough Council. Procurement costs associated with the integration will either be managed within the existing budget or be a call on the general reserve referred to above.

Business Support - £94,000 underspend

51. Business Support shows an under spend for the year due mainly to vacancy management. These will be ringfenced to 2009/10 against a number of one off pressures, including the start-up and future maintenance of the Food Enterprise Centre in Shrewsbury.

Resources, Chief Executives Office, Legal & Democratic Services and Corporate Issues (Appendices 4 to 6)

52. The final outturn position for Resources, Chief Executives Office, Legal & Democratic Services and Corporate Issues is a net underspend of £208,000. As in previous years, the underspend will be carried forward and utilised in 2009/10. Appendices 4 to 6 provide a full analysis of variations against budget for Resources and Corporate Issues, Chief Executives Office and Legal & Democratic Services. Overall, the final outturn position can be summarised as follows:

| | £000 |
|--|---------------|
| Budget (including in year virements) | 30,250 |
| Prior year underspend added to 2008/09 budget | 433 |
| Budget available for 2008/09 | 30,683 |
| Outturn for 2008/09 | 30,475 |
| Underspend carried forward to add to 2009/10 budget | (208) |

Resources and Corporate Issues - £94,000 underspend (Appendix 4)

53. The net underspend comprises an overspend of £61,000 within Resources and an underspend of £155,000 against corporate issues.

Resources - £61,000 overspend (Appendix 4)

54. Accounting and Budgeting's underspend of £34,000 was largely due to savings against salary budgets due to vacancies and maternity leave.
55. Audit and Consultancy's underspend of £52,000 is due to savings from vacant posts and increased income from external work.

56. Property Services has overspent by £133,000. The main reasons for this position were increased electricity costs, the cost of the new asset management system, Technology Forge and lower than budgeted income for Building Design. These overspends have been partially offset by increased income within Property Maintenance.
57. An overspend of £23,000 was achieved against ICT budgets. This was largely due to the costs of installing District data links and purchasing hardware and software for Parish and Town Councils.
58. Treasury and Pensions and Other Resources year end positions were minor underspends of £1,000 and £8,000 respectively.
59. For Shire Services the final outturn position for 2008/09 is considerably improved with an underspend of £96,000. This has largely been created by the implementation of a restructuring and reduction in management costs and a reduction in staff hours in some kitchens. The underspend will be carried forward into next year. This is made up of a trading surplus for Catering of £76,000 and a trading surplus for cleaning of £20,000. The total surplus will be carried forward to the next financial year. The total trading surplus represents 0.8% of turnover.
60. For Catering there has been an increase in income across the service, though this has been tempered by increases in running costs, in particular provisions costs. Nutritional standards will be introduced in Secondary schools in 2009/10 and Shire Services will work towards ensuring that this does not have an adverse impact on income levels.
61. For Cleaning the outturn position reflects an arrangement regarding the cleaning management staff using some of their time to manage Shirehall Services. Pressures within the service regarding employee costs will be monitored closely in 2009/10.

Corporate Issues - £155,000 underspend (Appendix 4)

62. This overall position has been achieved as a result of savings against a number of budgets, the most significant being £92,000 against the budget for Local Committees, this will be ringfenced for that specific use in 2009/10. Other underspends were achieved against Precepts (£19,000), Shirehall Catering (£12,000) and Corporate and Democratic Core (£44,000).
63. Other variations contribute a further net underspend of £12,000 to the overall position against Corporate Issues budgets.
64. The net underspend against Corporate budgets takes into account a transfer of £39,000 to offset the overspend incurred on Coroners. In accordance with Financial Rules, this has been approved by the Director of Resources.

Chief Executive's Office - £114,000 underspend (Appendix 5)

65. Chief Executive's Office final outturn position was a net underspend of £114,000 mainly due to savings of £95,000 against equalities initiatives and other projects within Shropshire Partnership. There is also an underspend within Human Resources and Development (£28,000) due to vacant posts and lower than budgeted expenditure on Organisational Development Courses and an overspend on Communications (£26,000) due to additional publications produced in Quarter 4.
66. Other variations contribute a further net underspend of £17,000 to the overall position within the Chief Executive's Office.

Legal & Democratic Services – Balanced Budget (Appendix 6)

67. Legal & Democratic Services final outturn position was a nil variation against budget. This includes an overspend on Coroners due to the cost of known “long inquests”. This has been offset by a contribution from Treasury Management, which has been approved by the Director of Resources, in accordance with Financial Rules.

General Balance

68. Movements in the County Council’s General Balance in the year have been as follows:

| | £000 |
|---|--------------|
| Actual balance at 1 April 2008 | 2,721 |
| Final variations on closedown: | |
| - Base budget contribution | 528 |
| - Decriminalised Parking | (714) |
| - Job Evaluation | (305) |
| - Insurance – below the line underspend | 20 |
| Total of Variations | (471) |
| Final Balance at 31 March 2009 | 2,250 |

69. There has therefore been an overall decrease of £471,000 in the General Balance during the year.

Reserves and Provisions (Appendix 7)

70. The County Council has created a number of specific reserves and provisions to provide for known or anticipated future liabilities and to assist in protecting essential services.
71. The overall position for reserves and provisions is set out in the Statement of Accounts 2008/09, an extract from the Statement of Accounts is contained at Appendix 7. The overall change in revenue reserves and provisions is as follows:

| Balance of Reserves and Provisions | £000 |
|---|-------------|
| As at 31 March 2008 | 19,272 |
| As at 31 March 2009 | 19,815 |
| Increase/(Decrease) | 543 |

72. Further details about the authority’s reserves, provisions and balances are provided within the Reserves, Provisions and Balances report.

Local Area Agreements (Appendix 8)

73. Shropshire’s new Local Area Agreement was agreed in July 2008. The new LAA targets are based on the National Indicator set. The LAA includes 16 mandatory education targets.
74. There are four themes to the LAA: Children & Young People, Healthier Communities and Older People, Safer and Stronger Communities and Sustainable Communities.
75. Each block is funded by a combination of legacy funding from the previous Local Area Agreement and aligned budgets.

76. As well as monitoring performance of the new LAA targets, Block Leads are also monitoring performance against a number of targets agreed under the previous LAA. The Local Public Service Agreement Targets (LPSA² targets) agreed under the previous LAA have the potential to generate Performance Reward Grant. There is £7,609,000 of potential LPSA² Performance Reward Grant. Current projections are that targets with LPSA² Performance Reward Grant of £5,600,915 are likely to be met (but are not entirely risk free), targets with LPSA² Performance Reward Grant of £1,005,080 may be met but have risks and targets with LPSA² Performance Reward Grant of £1,003,005 have already been missed or are high risk.
77. A report on the new LAA is set out in Appendix 8.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Revenue and Capital Budget 2008/09

Budget Monitor for Fourth Quarter of 2008/09: Implementation Executive, 20 May 2009, Item 7, Paper C

Reserves, Provisions and Balances: Audit Committee, 2 July 2009, Council, 16 July 2009

County Council Constitution: Part 4, Rules of Procedure – Financial Procedure Rules, pages 1-76.

Human Rights Act Appraisal

The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

Environmental Appraisal

N/A

Community / Consultations Appraisal

The original budget was subject to a widespread consultation process with the Corporate Plan.

Cabinet Member

Keith Barrow, Leader of the Council.

Local Member

All Members.

Appendices

1. Children and Young Peoples Services – Analysis of Variation from Budget
2. Community Services – Analysis of Variation from Budget
3. Economy and Environment – Analysis of Variation from Budget
4. Resources and Corporate Issues – Analysis of Variation from Budget
5. Chief Executive's Office – Analysis of Variation from Budget
6. Legal & Democratic Services – Analysis of Variation from Budget
7. Extract from 2008/09 Statement of Accounts – Reserves and Provisions
8. Local Area Agreement Budgets

Decision(s)

Children & Young People's Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 | Quarter 4 Projected Over/ (under) spend | Outturn Full year Over/ (under) spend | Comments |
|--------------------|----------------------------|--|--|-----------------|
| | £000 | £000 | £000 | |

| SCHOOLS' BUDGET – CENTRALLY MANAGED | | | | |
|--|-------|----------|----------|---|
| Early Years Three and Four year old private, voluntary and independent provider nursery places | 4,450 | 301 | 259 | This year's eligible children numbers, and sessions taken up, are at similar levels to the summer and autumn terms of 2007. Current take-up levels remain consistently high at 92.2% for 3 year olds and 97.5% for 4 year olds. However, there are additional pupil days in the 2008/09 early years funding year (199 days) compared to 2007/08 (190 days). These additional days will generate an overspending against the base budget in 2008/09. |
| Other Early Years and Childcare base budgets | 335 | (224) | (211) | |
| | | (77) | (48) | This can be partially offset by underspendings elsewhere within the Early Years base budget, due to the application of grant funding and to vacancy management. The residual overspend at the year end will be carried forward to 2009/10 to be managed by a combination of the lower number of early years funding days in that financial year (186), and other base budget savings. |
| | | 0 | 0 | |
| Schools' related, centrally managed budgets: Schools' rateable values | 2,117 | (456) | (476) | There are continued savings arising from the effect of successful rateable value appeals, undertaken by Property Services on behalf of the directorate and agreed with District Councils, some of these backdated as far as 2005/06. |
| Schools' contingencies | 95 | (60) | (56) | |
| | | | | Contingency provision of £95,000 is contained within schools' related budgets for a combination of schools' formula funding data changes, and for unforeseen circumstances. Actual claims |

Children & Young People's Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|--|-----------------------------|---|---|--|
| | | (516) | (532) | against this contingency are modest. |
| Inclusion Services | | | | |
| Tuition Services and Education Centres | 1,667 | 0 | 0 | Although there are still some modest base budget savings due to the deferred opening of the Oswestry Education Centre, these are being offset by expenditure pressures arising from additional tuition service demands. |
| Out-County pupils - net recoupment of pupil costs to and from other LAs and organisations | 2,856 | 265 | 355 | An additional 9 independent sector placements (each placement has an average full year cost of £63,000) have been required since the start of the financial year due to the outcome of tribunals. These will generate net additional payments of £643,000 in 2008/09. These can be partially offset within the year by one-off prior year accruals and contingencies of £288,000, carried forward from 2007/08 but no longer required. |
| | | 20 | (10) | Other net variations on local authority placements are giving rise to further overspendings. |
| Devolved funding and contingency support to Shropshire schools for additional in-year pupil provision beyond initial delegated budgets | 1,480 | 48 | 54 | Funding has been over-allocated to schools during the year, due to a higher incidence of new in-school placements meeting the criteria of the approved delegated contingency scheme. This includes responding to the earlier identification of emotional and behavioural difficulties amongst primary school children. |
| Other tuition services and provision | 1,182 | 2 | (40) | An increase in Looked After Children teaching support has been required to respond to local developments in LAC provision, most notably with the establishment of a third in-county residential children's home. In the long term it is projected that this cost will be offset by lower costs of external residential social care and education provision. Other one-off |

Children & Young People's Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|---|-----------------------------|---|---|---|
| Joint Arrangements for Special Support Services with Telford and Wrekin | 1,483 | (24) | (30) | savings are offsetting these costs in 2008/09. Latest estimates from Telford and Wrekin officers indicate a small net underspend between Sensory Impairment and Education Psychology Services. |
| | | 311 | 329 | |
| LOCAL AUTHORITY BUDGET | | | | |
| Home to school transport | | | | |
| Provision of statutory free transport for eligible pupils and students | | 270 | 270 | The cost of additional transport days in 2008/09 (196 compared to 185 in 2007/08), at an average of £45,000 per day, is giving rise to an expenditure level which is £270,000 above the base budget provision of 190 days. The overspending relating to the variation in the number of transport days in the financial year will be carried forward in the Transport Reserve to be managed in 2009/10 and future years. A key expenditure pressure in 2008/09 is the rising cost of fuel, and the effect this has had on contract inflation awards from September 2008. An increase of 5.4% has been agreed for contractors, based on national and local indices of transport specific inflation. This equates to an overspend of £100,000 in 2008/09 above budgeted provision, with a full year effect in 2009/10 of £170,000. Recent reductions in fuel costs will be reflected in the September 2009 inflation settlement with contractors. A number of other base budget pressures are leading to overspendings, particularly on secondary and special schools' transport, where contractor cyclic re-tendering and contractor |
| | | (270) | (270) | |
| | | 100 | 100 | |
| | | 570 | 708 | |

Children & Young People's Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 | Quarter 4 Projected Over/ (under) spend | Outturn Full year Over/ (under) spend | Comments |
|---|----------------------------|--|--|---|
| | £000 | £000 | £000 | |
| | | (432) | (432) | terminations in difficult market conditions have resulted in significant price increases beyond our control. In addition to this, there has been some loss of operators which has worsened the market conditions. Whilst recently fuel cost pressures have eased, other market difficulties associated with the global economic crisis will not help the transport market and could also contribute to the upward cost movement. The current surplus balance of the Transport Reserve, carried forward from previous years, can be applied to the current year's base budget pressures. |
| | | 238 | 376 | |
| Joint Use Joint provision of sports and community facilities with schools and local authorities throughout the county | 760 | 0 | (75) | Refunds from 2007/08 budgeted contributions to former District Council joint use schemes, combined with unallocated contingency sums. |
| Directorate Management and Administration Strategic, statutory and regulatory responsibilities; the management and administration of the whole service, including schools | 4,895 | (256) | (318) | There are a number of continuing base budget spending pressures, which are being managed through the application of significant grant funding to base budget activities, and through good housekeeping savings on staff vacancies and supplies and services. Additional grant funding has been earmarked to contribute towards the management and administration of grant funded schemes, particularly Extended Schools and Children's Centres. It has also been possible to secure one-off savings to contribute to overall directorate pressures, particularly from the two short term Assistant Director vacancies during 2008/09. |

Children & Young People's Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 | Quarter 4 Projected Over/ (under) spend | Outturn Full year Over/ (under) spend | Comments |
|---|----------------------------|--|--|--|
| | £000 | £000 | £000 | |
| | | | | |
| Advisory Service Raising achievement and standards in schools, by undertaking the local authority's statutory functions for monitoring and challenging schools | 1,440 | (105) | (168) | Application of former matched funding requirements for Standards Fund grant to base budget activity will deliver one-off savings. |
| Early Retirement contributions The on-going effects of prior years' early retirements (including provision of up to £200,000 for initial one-off lump sum and redundancy costs) | 2,156 | (11) | (9) | An additional £100,000 Dedicated Schools Grant funding was approved by Schools' Forum as part of the 2008/09 budget strategy. As a result, on-going pensions' payments are now being contained within the base budget available. |
| | | 122 | 116 | Early retirements of non teaching staff in both schools and other services are generating strain on the pension fund one-off payments. |
| | | 183 | 137 | Early Retirement redundancy and lump sum costs in schools and other services are estimated to cost £338,000, of which £200,000 is available within the directorate's base budget. |
| | | (183) | (100) | A significant contribution to this overspend has been made, as in previous years, from the corporate Voluntary Early Retirement provision. |
| | | 111 | 144 | |
| Net Schools' and Local Authority services | | (217) | (244) | |

Children & Young People's Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|---|-----------------------------|---|---|---|
| SOCIAL CARE AND SAFEGUARDS | | | | |
| Children Looked After | | | | |
| Procurement of placements in the independent sector in specialist residential accommodation | 4,605 | 382 | 449 | <p>The latest overspend projection arises from a number of factors which continue from the 2007/08 overspend of £910,000. The movement in 2008/09 from the net overspend position in 2007/08 (a reduction in overspend of £461,000) can be summarised as follows:</p> <ul style="list-style-type: none"> • Additional budget funding in 2008/09 of £700,000. • Current full time equivalent placements total 32.09, which represents a 3.09 increase from 2007/08, amounting to £559,000. • Net real terms reduction of £276,000, from budgeted provision, to the average cost per place. The average net unit cost of current placements is £181,000, compared with £192,000 in 2007/08; this reduction is mainly due to the new block contract, which has had 5.4 fte placements in 2008/09. • Further reduction of £79,000 to external placement costs due to improved contract terms negotiated with one of our major providers. • Increased contributions from the Primary Care Trust of £16,000. These contributions are based on the specifically identified health needs of each placement. • Reduced Education contributions of £2,000. These contributions are based on the specifically identified education needs of each placement. • Reduced contributions from the Young Persons Substance Misuse Grant of £15,000. This contribution is based on specific placement requirements. • Residual costs from 2007/08 |

Children & Young People's Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|--|---------------------------------|---|---|--|
| | | | | <p>placements £34,000 Expenditure on external residential placements is being closely monitored and every effort is being made to contain expenditure, whilst recognising fundamental child protection issues in each individual case assessed. There are weekly meetings of a Budget Monitoring Panel, comprising Heads of Service, which reviews changes to placement details and the consequential budget implications. The matter is also reviewed at a monthly Joint Solutions Panel, which comprises representatives of Social Care and Safeguards, Inclusion Services and the Shropshire Primary Care Trust.</p> <p>A replacement and a third children's home have been purchased, and both have been brought into full use in 2008/09, increasing in-house residential capacity and generating further savings on external placements' costs. The new block contract now has 7 placements against a capacity of 10, generating significant savings against the alternative costs of external spot placements. These savings will increase in a full year in 2009/10, particularly as new placements are agreed up to the contracted maximum.</p> |
| <p>Community Homes Residential in-county children's accommodation</p> | <p>1,035</p> | <p>297</p> | <p>299</p> | <p>Current projections for the Rowans and Chelmaren (replacement Wheatlands) Children's Homes are slightly overspent against budgeted provision.</p> <p>The opening of the third children's home (Havenbrook), during the 3rd quarter of 2008/09, has increased capacity for internal placements from 8 to 12, with the 4 additional placements being intended for short term or emergency use. The long term target is that the</p> |

Children & Young People's Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|---|-------------------------------------|---|---|---|
| <p>Prevention and Support Other Prevention and Support Services, contracted children's accommodation and contingency</p> | 3,059 | (233) | (222) | <p>additional running costs of the new home will be more than met by savings on current external placement costs. The additional part year costs of the new home in 2008/09 amount to £280,000, which will be partly offset by reduced costs of external placements. All 4 places at the home have been occupied by short term placements since December 2008.</p> <p>Contingency provision of £123,000 is being targeted to support overspendings elsewhere within Social Care & Safeguards. In addition, there are one-off delivery-related contractual savings of £71,000, which have been negotiated with providers, and additional grant funding of £28,000 has been secured to apply against Family Support Worker costs.</p> |
| <p>Children Leaving Care Support to 16 and 17 year olds</p> | 987 | 34 | 39 | <p>Lower numbers of Children Leaving Care continuing in fostering provision has reduced previous overspend estimates, along with short term staffing savings.</p> |
| <p>Other services Foster Care: Payments to Foster Carers, including independent agency placements</p> | 2,085 | 229 | 267 | <p>Additional independent foster care placements continue to be needed to provide capacity for overall placement requirements, at a cost of £149,000 above budgeted provision. There are currently 13 of these placements, at an average annual cost of £47,000 against the average internal placement cost of £16,000.</p> <p>Foster care allowances continue to be overspent against the base budget by a net figure of £243,000. This relates to a combination of additional numbers of allowances being paid out, and an increase in the higher Levels 3 and 4 allowance payments. This is in line</p> |

Children & Young People's Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 | Quarter 4 Projected Over/ (under) spend | Outturn Full year Over/ (under) spend | Comments |
|--|----------------------------|--|--|--|
| | £000 | £000 | £000 | |
| Support Services Services to support operational teams, including premises management | 1,581 | 0 | (10) | Additional allocations of grant funding |
| Care Matters Grant New grant funding for 2008/09 and future years to support local authorities in achieving better outcomes for children in care | | (105) | (105) | Additional grant funding is available in 2008/09 against eligible expenditure across a range of Social Care and Safeguards service provision. |
| Net SC&S overspend | | 712 | 745 | |
| Offset by: Net underspends elsewhere within the directorate | | (217) | (244) | |
| Total Children & Young People's Services Base Budget Overspend | | 495 | 501 | |
| One off contribution from the C&YPS Directorate Carry Forward Reserve | | (42) | (48) | This Reserve was established from revenue budget underspendings carried forward from 2004/05. |
| One off contribution from the Advisory Service Reserve | | (453) | (453) | This Reserve was established from prior years' unapplied Standards Fund grant balances. This contribution will fully expend prior year contributions to this reserve, other than for one earmarked commitment. |
| Total C&YPS Directorate | | 0 | 0 | |

Community Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|---|-----------------------------|---|---|--|
| Learning Disability | 13,722 | 65 | 65 | Overspend due to transition cases from Children services. |
| Mental Health | 3,199 | 0 | 0 | The service has moved away from traditional day care arrangements and now focuses on social inclusion, encouraging people to be more involved in society through for example, social groups or arts and crafts. This shift has resulted in a balanced budget. |
| Older People | 31,309 | 0 | 0 | Demand pressures have been carefully managed through the year but these pressures will continue going forward and this will become more challenging as demand continues to increase. Placements in block contracts and in house services have been maximised to ensure value for money |
| Physical Disabilities | 6,559 | 0 | 0 | Demand for care has been carefully managed through the year |
| Total Adult Social Care | 54,789 | 65 | 65 | |
| Community Safety | 172 | 0 | 0 | Balanced budget |
| Culture | 2,876 | 5 | 43 | This is due to the capital works that have been undertaken during this financial year at Shropshire Hills Discovery Centre and Acton Scott Working Farm. This pressure will be a one off occurrence as the capital works have now been complete. |
| Learning | 660 | (5) | (5) | |
| Libraries | 4,633 | 0 | (38) | A small underspend within the Library service has offset the overspend in the Cultural service |
| Total Learning, Culture & Community Safety | 8,341 | 0 | 0 | |
| Business Support | 6,505 | (65) | (65) | Underspend due to vacancies across this service area. |
| Total Community Services | 69,635 | 0 | 0 | |

Economy and Environment Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|--|---------------------------------|---|---|---|
| PORTFOLIO – ENVIRONMENT & SUSTAINABILITY – Transport and Highways | | | | |
| General Highways Maintenance | 7,986 | 309 | 326 | <p>Highways Maintenance overspent by £319,000 in 2007/08 and this was removed from the 2008/09 budget as a carry forward allocation.</p> <p>In 2007/08 as a direct consequence of additional expenditure incurred due to the summer 2007 floods, £955,000 was transferred to the Severe Weather Reserve.</p> <p>Both of the above have placed considerable pressure on the budget for this year, and the programme outlined in the Highways Maintenance Plan has been revised to accommodate both the 2007/08 overspend and the expenditure transferred to Reserve.</p> <p>All available resources have been fully allocated in accordance with the Highways Maintenance Plan, and in line with previous years practice expenditure has been over programmed against the budget. This is to ensure the maximum use of resources when factors such as scheme slippage, weather conditions, unforeseen delays etc are taken into account. The flooding referred to below in Severe Weather has been a significant pressure on this years budget</p> <p>The resulting overspend of £326,000 (after deducting expenditure directly related to the floods) includes a significant over spend on overtime and additional allowances, relating to the flooding and severe weather referred to below.</p> |

Economy and Environment Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|----------------|---------------------------------|---|---|--|
| | | 220 (100) | 232 (100) | <p>An element of the overspend also reflects the continuous nature of the programme, (i.e. the programme doesn't simply cease on 31st March and begin again on 1st April). In line with previous years practice, any overspends will be managed within the following years programme.</p> <p>Following a public consultation and review of Parkright and Decriminalised Parking Enforcement in Shropshire, the IE on 03/12/08 agreed to a more flexible approach and a reduction in the number of parking attendants to 14.</p> <p>During 2008/09 the existing parking attendants have undertaken their duties under a more tolerant approach leading to a significant reduction in income. Reducing the number of parking attendants for the latter part of the year has resulted in further reductions in income from penalty charge notices, more than offsetting the reduction in costs from employing fewer parking attendants.</p> <p>The operating deficit of £232,000 refers only to the County Council's on-street responsibilities. The Highways Maintenance Programme for 2008/09 included a provision of £100,000 to cover both an annual deficit and a repayment towards the initial set-up cost of £714,000.</p> |
| Severe Weather | 2,489 | 1,234 | 1,234 | In 2007/08 an overspend of £51,000 occurred in Winter Maintenance, primarily due to an unexpectedly high number of turnouts for the Winter Maintenance Gritting fleet in the latter months of the financial year. |

**Economy and Environment Services - Analysis of
Variation from Budget**

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|-------------|---------------------------------|---|---|--|
| | | 1514 (689) | 1,515 (689) | <p>This was transferred to the Severe Weather Reserve.</p> <p>Additional expenditure of £955,000 arising from the summer floods of 2007 was also transferred to the Severe Weather Reserve, adding to the balance transferred from Winter Maintenance.</p> <p>The Severe Weather Reserve was depleted at the end of 2006/07, and the balance of £1.006m (£955,000 plus £51,000) transferred at the end of 2007/08 has been ringfenced to Highways. Provision for the repayment of this was included in the Highways Maintenance Programme for 2008/09.</p> <p>There has been a significant overspend on the winter maintenance budget due to the severity of the winter weather. In 2008/09 there have been nearly 90 full turnouts of the winter maintenance gritting fleet. On average the budget allows for approximately 45 turnouts. Across the country Local Authorities have had significant difficulties in acquiring sufficient quantities of salt to use on the roads. Although Shropshire did not run out of salt, levels of salt became low enough that resources had to be concentrated on the defined network only. One consequence of the shortage was a significant increase in the price of salt, and in order to maintain an adequate stock level, a number of purchases were made at a price significantly higher than normal.</p> <p>A number of Highways and Roads have been damaged by the flooding which occurred at the beginning of September 2008. In the longer term the relevant capital</p> |

Economy and Environment Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|---------------------|---------------------------------|---|---|--|
| | | | | <p>programmes will need to meet the cost of permanent reconstruction. The immediate costs of temporary repairs and remedial works have been a significant pressure on the Revenue Budget. Total costs of £1.515m have been incurred during 2008/09.</p> <p>Financial assistance is available under the Government's Bellwin Scheme of Emergency Financial Assistance. A claim has been submitted for £1,417 (the balance of £98,000 being ineligible expenditure) Claims are normally reimbursed at 85% of eligible expenditure above this Authority's 2008/09 threshold of £631,944. (Although in 2007/08 claims were reimbursed at 100% above the threshold.)</p> <p>The Bellwin scheme only covers the costs of initial repairs to highways, pavements and footpaths. Expenditure on repairing structural defects arising from the floods is ineligible for Bellwin assistance.</p> |
| Passenger Transport | 2,462 | 200 | 130 | <p>The budget for passenger transport in 2008/09 has received additional growth of £462,000 in preparation for the implementation of the Council's Rural Transport Strategy from November 2008. This saw the replacement of a number of little used local bus services with new and enhanced Demand Responsive Transport (DRT) services.</p> <p>Although savings this year should have been possible due to a full year budget allocation for DRT being offset by its part year implementation, there are a number of factors contributing to the overspend of £130,000.</p> |

Economy and Environment Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|-------------|---------------------------------|---|---|---|
| | | | | <p>During the first half of the year a review was undertaken of contract costs and profiles. As a result projections were re-assessed at a higher level due to the full year effect of 2007/08 de-registrations and re-tenders, an increase in the cost of DRT implementation, and an increase in the cost of maintaining the system of real time passenger information. Additional costs have been slightly less than anticipated at Quarter Four, and to some extent have been further offset by additional income from Park & Ride Services.</p> <p>It has not been possible to immediately cut a number of local bus services that were due for replacement in the DRT strategy. This decision will be reconsidered at a later date pending an assessment of actual DRT operation. A number of routes where subsidy was removed to offset the cost of implementing the Rural Transport Strategy have continued to operate commercially from fare and concessionary fares revenue.</p> <p>The additional cost of contracts re-tendered in September 2008 was significantly higher than anticipated. There were a number of factors contributing to this: relatively high fuel costs and uncertainty over the rate of inflation at the time of tender; high transport operating costs in general including increasing costs of insurance and pension contributions; low level of competition and availability of operators in a number of areas across the county; and limited demand for transport from paying passengers.</p> <p>During October a number of</p> |

**Economy and Environment Services - Analysis of
Variation from Budget**

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|-------------------------------|---|---|---|--|
| | | | | <p>services have been retendered as a result of commercial deregistrations, which form part of the core bus network. This has added additional pressures to the budget.</p> <p>The implications of the above overspend will place considerable pressure on the budget for 2009/10, and officers are currently assessing the full year impact on next years budget.</p> |
| Transport Planning | 326 | (40) | (73) | The section has been affected by the re-structuring of the Transport & Highways Division which took place earlier this year. There have been a significant number of vacancies throughout the year, and although agency staff have been deployed to manage workloads an underspend from vacancy management has arisen. |
| Traffic Management | 683 | (6) | 16 | The section has been formed from the re-structuring of the Highways and Transport Division that took place earlier this year. Workloads have been managed through the deployment of agency staff which has placed some pressure on the budget during the year, and a small overspend has materialised. |
| Traffic & Highway Engineering | 286 | 0 | 4 | A primarily staff based budget established from the re-structuring of the Highways and Transport Division. A number of posts have remained vacant during the year. Workloads have been managed through the deployment of agency staff, and a small overspend has arisen from the use of such staff. |
| Road Safety | 122 | 0 | 5 | The net revenue budget includes an income target of over £80,000, |

Economy and Environment Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|------------------------------|---------------------------------|---|---|---|
| | | | | <p>generated from road safety training courses operated by this section. The levels of income are broadly in line with expectations, however a small overspend has arisen from additional expenditure on training & publicity.</p> <p>From 1st April 2007 funding for the Safer Roads Partnership in the West Mercia Region has been allocated directly to the four partner highway authorities. Shropshire's allocation in 2008/09 is £917,410 of which £750,441 has been allocated as revenue grant. The County Council has initially committed itself to funding the Partnership in 2007/08 and 2008/09 at the same level provided during the 2006/07 financial year. In 2008/09 the costs of this have been £587,903.</p> <p>The balance of funding has been used in 2008/09 to support a number of road safety initiatives for cyclists, young drivers, speed awareness, and marketing and publicity campaigns.</p> |
| Highways Development Control | 32 | 50 | 18 | <p>The net revenue budget includes an income target of over £295,000, derived from property and land search fees, and fees levied on property developments. As such the budget outturn is highly dependent on activity levels within the commercial and residential property markets.</p> <p>The 2008/09 budget strategy included an increase of £20,000 in the income target arising from a review of fee schedules and additional income from Home Information Packs. To maintain existing levels of income and ensure that new sources of income are maximised the section has this</p> |

**Economy and Environment Services - Analysis of
Variation from Budget**

| Policy Area | Base Budget 2008/09 | Quarter 4 Projected Over/ (under) spend | Outturn Full year Over/ (under) spend | Comments |
|----------------------------------|----------------------------|--|--|--|
| | £000 | £000 | £000 | |
| | | | | <p>year deployed additional resources to support its work.</p> <p>The slowdown in the housing market has impacted on the fees generated from land charge enquiries and property searches; these are down on previous years by approximately 30%. Fees generated from inspection and checking on commercial developments have also been affected by the economic situation. The combined effects of the residential and commercial slowdown has meant that the overall income targets have not been met and an overspend has been reported.</p> |
| Transport Co-Ordination | 630 | (48) | (48) | <p>A primarily staff based budget that has been significantly altered following the re-structuring of the Highways and Transport Division. There have been a significant number of vacancies throughout the year, and although agency staff have been deployed to manage workloads an underspend from vacancy management has arisen.</p> |
| Transport Operations Group (TOG) | 0 | 0 | 0 | <p>The budget is a net nil cost to the Directorate as all costs are recharged to Country Council clients. The service manages the fleet of County Council vehicles, providing advice and a procurement service as necessary.</p> <p>As with the passenger transport budget there have been significant concerns over volatility in the cost of fuel. As these are direct costs charged to each vehicle within the fleet, the effect of relatively high fuel costs during the year will have an impact on the County Council as a whole.</p> |

**Economy and Environment Services - Analysis of
Variation from Budget**

| Policy Area | Base Budget 2008/09 | Quarter 4 Projected Over/ (under) spend | Outturn Full year Over/ (under) spend | Comments |
|--|----------------------------|--|--|--|
| | £000 | £000 | £000 | |
| PORTFOLIO – ENVIRONMENT & SUSTAINABILITY – Economy and Strategy | | | | |
| Planning Development Control | 233 | (90) | (110) | <p>The budget includes an income target of £68,000 generated by fees from planning, waste and mineral applications. Income is dependant on the size and number of applications.</p> <p>The increased levels of planning fees received in this year are as a result of the receipt of major mineral/waste proposals and school building schemes. The level of fees generated each year can vary significantly as it is dependent on the building programme of the County Council and the amount of activity from the minerals and waste sector. The timing of proposals is always dependent on a number of factors which often involve a lengthy period of negotiation, creating uncertainty as to which financial year the income will be achieved in.</p> |
| Sustainability Group | 754 | 0 | (8) | <p>The team attracts significant amounts of external funding from agencies such as DEFRA, Advantage West Midlands, English Heritage and Natural England to support several aspects of its Biodiversity and Low Carbon activities. This enables the group to employ dedicated staff resources to further this work. The 2008/09 budget strategy includes an additional £20,000 for the generation of external income.</p> <p>A number of temporary staffing arrangements have been in place this year to address work pressures and changing skill requirements. These arrangements have been managed within existing resources.</p> <p>The small under spend reported</p> |

**Economy and Environment Services - Analysis of
 Variation from Budget**

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|---|--|---|---|---|
| | | | | has been earmarked for a contribution to AWM for economic assessment studies at Montgomery Canal. |
| TOTAL ENVIRONMENT & SUSTAINABILITY | 16003 | 2,554 | 2,452 | |

**Economy and Environment Services - Analysis of
Variation from Budget**

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|-------------|---------------------------------|---|---|----------|
|-------------|---------------------------------|---|---|----------|

PORTFOLIO - WASTE & ECONOMY – Shropshire Waste Partnership

| | | | | |
|------------------------------|--------|--------------|--------------|--|
| Shropshire Waste Partnership | 13,417 | (270) 270 | (264) 264 | <p>Shropshire Waste Partnership delivers both waste disposal and collection functions through an integrated contract as part of the PFI Initiative. The partnership has a gross budget of £23m which is funded by District Council contributions of £5.863m, PFI credits of £3.186m, the County Council budget of £13.417m, and the balance from fees and charges.</p> <p>The budget for 2008/09 includes a contribution of £4.387m to the PFI Reserve. In the early years of the contract budgeted contributions are required to the reserve and budgeted releases are necessary in the later years of the contract. The reserve account is used to smooth the step up in the Unitary Charge once additional facilities come on line and ensures that SWP does not pay for services in advance of receiving them.</p> <p>The budget for 2008/09 assumed a small growth in waste tonnages on the previous year. The actual year on year growth in waste tonnages is less than anticipated, and an under spend of approximately £500,000 has arisen on disposal costs (includes gate fees payable to the contractor and landfill tax). From 20 October 2008 the waste collection service of Shrewsbury and Atcham Borough Council has been integrated into the Shropshire Waste Partnership. A shortfall in the budget was identified at the time SABC joined the contract, due to differing accounting practices and procurement costs associated with the integration. These additional costs have been met from within the budget during the year and offset against the savings on disposal costs identified above.</p> |
|------------------------------|--------|--------------|--------------|--|

Economy and Environment Services - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|---|---------------------------------|---|---|--|
| | | | | <p>The net underspend of £264,000 will be ring fenced to the service and carried forward in a general reserve, to be earmarked against future capital and revenue pressures in the budget.</p> <p>The existing contract for the disposal of waste to landfill expired in March 2009, after which the PFI contractor assumed sole responsibility for all types of collection and disposal. This contract includes provision for additional costs incurred by the contractor which have arisen due to statutory or legislative requirements to be passed onto the County Council. This has been known throughout the life of the contract and provision has been made for the settlement of such claims, to the effect that all claims up to and including 2004/05 have been settled, and a balance of £435,000 remains in a specific reserve established for such liabilities. Preliminary discussions with the contractor have indicated that settlement of the years 2005/06, 2006/07 and 2007/08 will cost approximately £400,000. There will be one further claim outstanding for 2008/09, which will either be met from reserve or be a call on the budget in the year in which settlement is reached.</p> |
| PORTFOLIO - WASTE & ECONOMY – Economy and Strategy | | | | |
| Economic Regeneration | 286 | 0 | (14) | <p>The team attracts external funding from European and Government agencies to support several of its activities, such as Action Plan programme support, Shropshire Tourism and Research Unit, and the Rural Access to Services Programme.</p> <p>A small underspend has arisen from vacancy management throughout the year.</p> |

**Economy and Environment Services - Analysis of
Variation from Budget**

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|-------------------|---------------------------------|---|---|---|
| | | | | <p>The service manages a number of workshop units for small businesses, and the net surplus accruing from the rents charged is used to support the overall Economic Regeneration budget. The budget strategy for 2008/09 included an increased income target from the workshop rents of £20,000. The current downturn in the economy has placed considerable pressure on a number of tenants, and this has manifested itself in a number of requests for temporary reductions in rent. These have been managed on a case by case basis, and it has been possible to maintain income levels in line with expected targets.</p> |
| Trading Standards | 1,146 | 0 | 5 | <p>The budget includes an income target of £41,000 generated from the recovery of court and legal costs, licensing, verification fees and equipment hire. The levels of income received during the year are marginally lower than anticipated and a small overspend has arisen.</p> <p>An allocation of £20,000 from last years underspend has been ringfenced to fund an outstanding commitment for the replacement of the vehicle used by this service.</p> <p>The service receives significant funding from DEFRA for animal health and welfare enforcement. Due to a shortfall in funding at DEFRA the total funding available in 2008/09 has been reduced by up to 12%. The budget strategy for 2008/09 included an addition of £91,000 to cover both the shortfall in DEFRA funding and additional functions relating to copyright and primary food hygiene.</p> <p>The additional budget for copyright</p> |

**Economy and Environment Services - Analysis of
Variation from Budget**

| Policy Area | Base Budget 2008/09 | Quarter 4 Projected Over/ (under) spend | Outturn Full year Over/ (under) spend | Comments |
|---|----------------------------|--|--|--|
| | £000 | £000 | £000 | |
| | | | | and food hygiene has been used to deploy additional staff. As these were only appointed part way through the year, the balance of funding has been used to purchase new equipment to undertake Shropshire Council's responsibilities with regard to contaminated land. |
| TOTAL WASTE & ECONOMY | 14,849 | 0 | (9) | |
| BUSINESS SUPPORT | | | | |
| Business Support includes Administrative Services, Personnel and Resources, Information and Performance Management, Senior Management and Finance, plus Service Level Agreements with the Corporate Centre. | 3,266 | (40) | (94) | Business Support carried forward an underspend of £82,000 from 2007/08, and this has been applied to the implementation costs of Job Evaluation Phase Two, existing training commitments, and a number of accommodation alterations arising from the re-structure of the Highways and Transport Division. Further under spends have arisen from vacancy management during the year. An element of these has been earmarked to fund the promotion of the Food Enterprise Centre in Shrewsbury, and to establish a sinking fund for future year's maintenance. |
| TOTAL BUSINESS SUPPORT | 3,266 | (40) | (94) | |
| TOTAL DIRECTORATE | 34,118 | 2514 | 2,349 | |

Appendix 4

Resources and Corporate Issues - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|--|-------------------------------------|---|---|--|
| Accounting & Budgeting | 36 | (60) | (34) | Savings generated from maternity leave and staff vacancies. |
| Audit & Consultancy | -2 | (49) | (52) | Savings due to vacant posts and increased income from external work. |
| Treasury & Pensions | 33 | (9) | (1) | Minor variations. |
| Property Services | -273 | 91 | 133 | Overspend due to increased electricity costs for Shirehall, the cost of Technology Forge software and lower than budgeted income for Building Design. This has been offset by additional income generated by Property Maintenance. |
| ICT | 661 | 35 | 23 | Overspend as a result of expenditure on installing District data links and purchasing items for Parish and Town Councils. |
| Other Resources | 134 | (8) | (8) | Savings due to reduced expenditure on Consultants. |
| Sub-Total Resources excl Shire Services | 589 | 0 | 61 | |

Appendix 4

Resources and Corporate Issues - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|--|-------------------------------------|---|---|--|
| Shire Services | | | | |
| Statutory Catering | 21 | (95) | (126) | <p>Following the introduction of the Food Standards Shire Services has been working closely with schools to encourage pupil take-up. 2008/09 saw an increase in income over 2007/08 of 11%. Some schools are also reporting an increase in daily spend levels. This increase in income has surpassed the increase in provisions costs.</p> <p>Nutritional standards will be introduced in Secondary schools in 2009/10 and Shire Services will work towards ensuring that this does not have an adverse impact on income levels.</p> |
| Non Statutory Catering | (21) | 134 | 50 | <p>This service has also experienced an increase in income, however it has been overshadowed by an increase in provisions costs and employee costs, some of which is due to sickness and therefore is not expected to impact in 2009/10.</p> |
| Cleaning | 0 | (25) | (19) | <p>The forecast surplus of £19,000 for Cleaning represents 0.73% of gross budget and reflects an arrangement where Shire Services cleaning management have taken on the responsibility for Shirehall Services, thereby attracting a recharge of £31,000 to the cleaning service. This service has experienced a rise in staffing costs which will be monitored closely in 2009/10.</p> |
| Total Shire Services Surplus/(deficit) carried forward to next financial year | 0 | 14 (14) | (96) 96 | |
| | 0 | 0 | 0 | |
| Total Resources incl Shire Services | 589 | 0 | 61 | |

Appendix 4

Resources and Corporate Issues - Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 | Quarter 4 Projected Over/ (under) spend | Outturn Full year Over/ (under) spend | Comments |
|---|----------------------------|--|--|---|
| | £000 | £000 | £000 | |
| Building Maintenance | 1,426 | 0 | 0 | No variations. |
| Central Purchasing | -389 | 0 | 0 | No variations. |
| QICS PFI | 75 | (20) | (7) | Minor variations. |
| Smallholdings | 9 | (14) | (6) | Minor variations. |
| Audit Commission Fees | 0 | 0 | 0 | No variations. |
| Shirehall Catering | 541 | 2 | (12) | Underspend against cash collection costs. |
| Charity Review Service | 3 | 0 | 0 | No variations. |
| Precepts | 132 | (19) | (19) | Underspend due to lower than budgeted costs of flood defence levies. |
| Magistrates Courts/ Probation Service | 73 | 0 | (4) | Minor variations. |
| Revenues & Benefits | 1,143 | 0 | 0 | No variations. |
| Non Distributable Costs | 312 | 4 | 4 | Minor variations. |
| Corporate & Democratic Core | 5,234 | 0 | (44) | Savings on Debt Management Expenses. |
| Democratic Representation | 51 | 28 | 15 | Overspend due to additional committees operating resulting in increased special allowances. |
| Local Joint Committees | 511 | 0 | (92) | The underspends on the Local Joint Committees are ringfenced for that specific use in 2009/10. |
| Subscriptions | 5 | (4) | (4) | Minor variations. |
| Corporate Developments | 29 | 5 | 5 | Overspend due to increased recharge from Records Management |
| Contingencies | 112 | (5) | (10) | Minor variations. |
| Other/Miscellaneous | 1,291 | 27 | 20 | Overspend due to expenditure on Innovation Network Membership and HMRC PSA costs. |
| Treasury Management: Year End Projection | 18,159 | 0 | (40) | This saving has been achieved by securing higher than budgeted interest rates on our own revenue balances. |
| Coroners | | 0 | 39 | Used to offset Coroners overspend. In accordance with Financial Rules, this has been agreed by the Director of Resources. |
| | 18,159 | 0 | (1) | |
| Total Corporate | 28,717 | 4 | (155) | |
| Total Resources and Corporate | 29,306 | 4 | (94) | |

Chief Executive's Office – Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|--------------------------------------|-------------------------------------|---|---|--|
| Chief Executive's Office | 128 | 14 | (6) | Minor variations. |
| Human Resources & Development | (2) | (11) | (28) | Underspend due to vacant posts within Integrated Recruitment Team and lower than budgeted expenditure on Organisational Development Courses. |
| Corporate Performance & Scrutiny | 39 | (4) | (11) | Underspend due to savings on Equalities funding and Scrutiny Research. |
| Communications & Corporate Policy | 83 | (4) | 26 | Overspend on Communications due to a high level of publications produced in Quarter 4. |
| Shropshire Partnership | 186 | (49) | (95) | Underspend against equalities initiatives and other initiatives within the team. |
| Customer Access | 6 | 0 | 0 | No variations. |
| Total Chief Executives Office | 440 | (54) | (114) | |

Appendix 6

Legal & Democratic Services – Analysis of Variation from Budget

| Policy Area | Base Budget 2008/09 £000 | Quarter 4 Projected Over/ (under) spend £000 | Outturn Full year Over/ (under) spend £000 | Comments |
|--|-------------------------------------|---|---|--|
| Legal Services | 97 | 2 | 2 | Minor variations. |
| Democratic Services & Committee | 97 | 0 | 2 | Minor variations. |
| Registrars | 346 | (3) | (4) | Minor variations. |
| Coroners: Year End Projection | 397 | 46 | 39 | Overspend due to the cost of known "long inquests". The authority has an obligation to meet the costs of the Coroner. Funded from Treasury Management savings. In accordance with Financial Rules, this has been agreed by the Director of Resources. |
| | 397 | 0 | (39) | |
| Total Legal & Democratic Services | 937 | 45 | 0 | |

EXTRACT FROM THE STATEMENT OF ACCOUNTS

RESERVES AND PROVISIONS

The County Council has created a number of specific reserves and provisions as permitted under the provisions of the Local Government and Housing Act 1989. These are to provide for known or anticipated future liabilities, and to assist in protecting essential services. Contributions, charged to the revenue account, are made either on a regular basis, or by appropriation from the revenue account when this is considered necessary.

| <i>Balance at 31 March 2008 £000</i> | | <i>Expenditure in 2008/09 £000</i> | <i>Income in 2008/09 £000</i> | <i>Balance at 31 March 2009 £000</i> |
|--|---|--|---------------------------------------|--|
| | Reserves | | | |
| 503 | Advisory Service | 453 | - | 50 |
| - | Area Based Grant | - | 2,167 | 2,167 |
| 219 | Building Maintenance | 1,002 | 861 | 78 |
| 293 | Connexions Legacy | 83 | 231 | 441 |
| 665 | Council Tax on Second Homes | 665 | - | - |
| 415 | County Council Elections | 1 | - | 414 |
| 402 | CYPS Directorate | 459 | 652 | 595 |
| (714) | Decriminalised Parking | - | 714 | - |
| | Economic Development Workshops Major | | | |
| 61 | Maintenance | - | 18 | 79 |
| 838 | Education – Staff Sickness Insurance | - | 113 | 951 |
| 129 | Education – Theft Insurance | - | 15 | 144 |
| 1,417 | Fire Liability | - | 284 | 1,701 |
| 403 | Landfill Allowance Trading Scheme | 403 | - | - |
| 57 | Legal Disbursements | 55 | 57 | 59 |
| 100 | Local Government Review | 492 | 392 | - |
| 599 | Local Authority Business Growth Incentive | 639 | 547 | 507 |
| 123 | Major Planning Inquiries | 66 | 4 | 61 |
| 129 | Motor Insurance | 33 | 54 | 150 |
| 196 | PFI Buildings Equipment Replacement | 7 | 60 | 249 |
| 1,000 | Resources Efficiency | 806 | 97 | 291 |
| | Revenue Commitments for Future Capital | | | |
| 2,809 | Expenditure | 1,520 | 491 | 1,780 |
| 101 | Schools Building Maintenance Insurance | 101 | - | - |
| 83 | School Meals – Academic Year | - | - | 83 |
| 68 | Section 117 | 68 | - | - |
| - | Severe Weather | - | - | - |
| (5) | Shire Catering and Cleaning Efficiency | 56 | 152 | 91 |
| 2,745 | Shropshire Waste Partnership (Smoothing Reserve) | - | 4,865 | 7,610 |
| 647 | Shropshire Waste Partnership (General Reserve) | - | 265 | 912 |
| 379 | TMO Vehicle Replacement | 40 | 349 | 688 |
| 432 | Transport – Academic Year | 702 | 270 | - |
| 1,740 | Voluntary Early Retirement/Severance | 2,678 | 1,157 | 219 |
| 435 | Waste Management | - | - | 435 |
| 54 | Youth Service Vehicle Replacement | - | 4 | 58 |
| 16,323 | | 10,329 | 13,819 | 19,813 |
| | Directorates Carry Forwards | | | |
| (178) | • Community Services | - | 178 | - |
| (122) | • Economy & Environment Services | - | 159 | 37 |
| (1,005) | • Economy & Environment - Highways | 2,386 | 1,005 | (2,386) |
| 433 | • Resources, Legal & Democratic Services, Chief Executive's Office and Corporate | 433 | 208 | 208 |
| (872) | | 2,819 | 1,550 | (2,141) |
| 15,451 | Total of Reserves | 13,148 | 15,369 | 17,672 |
| | Provisions | | | |
| 3,821 | Liability Insurance | 11 | 501 | 4,311 |
| 3,821 | | 11 | 501 | 4,311 |
| 19,272 | TOTAL | 13,159 | 15,870 | 21,983 |

The Local Area Agreement (“LAA”)

Budget for the new Local Area Agreement

1. The four blocks of the new LAA are funded by a combination of legacy funding from the previous Local Area Agreement and aligned existing budgets. A summary of the funding of the LAA is set out in the table below:

| LAA 2008/09 Budget | Legacy funding from old LAA | | | | | Aligned existing base budgets £ | Total legacy funding and aligned budgets £ |
|--|-----------------------------|-------------------------------|---|---|---------------------------|------------------------------------|---|
| | PPG £ | LPSA ¹ PRG £ | B/fwd unspent unringfenced LAA grant £ | B/fwd unspent ringfenced LAA grant £ | Total Legacy Funding £ | | |
| <u>Children's Trust</u> | | | | | | | |
| New LAA Targets | 0 | 0 | 53,288 | 192,679 | 245,967 | 15,151,412 | 15,397,379 |
| New LAA - Mandatory Education Targets (DSG) | 0 | 0 | 0 | 0 | 0 | DSG | DSG |
| Ongoing LPSA ² targets | 0 | 181,709 | 0 | 0 | 181,709 | 438,492 | 620,201 |
| Legacy LAA targets | 0 | 73,866 | 0 | 0 | 73,866 | 138,900 | 212,766 |
| Children's Trust Total | 0 | 255,575 | 53,288 | 192,679 | 501,542 | 15,728,804 | 16,230,346 |
| <u>Health & Wellbeing</u> | | | | | | | |
| New LAA Targets | 0 | 101,459 | 0 | 0 | 101,459 | 7,604,141 | 7,705,600 |
| Ongoing LPSA ² targets | 151,958 | 105,000 | 0 | 0 | 256,958 | 1,412,870 | 1,669,828 |
| Legacy LAA targets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Health & Wellbeing total | 151,958 | 206,459 | 0 | 0 | 358,417 | 9,017,011 | 9,375,428 |
| <u>Safer & Stronger Communities</u> | | | | | | | |
| New LAA Targets | 0 | 108,417 | 14,736 | 16,568 | 139,721 | 276,269 | 415,990 |
| Ongoing LPSA ² targets | 23,843 | 51,583 | 37,005 | 0 | 112,431 | 34,420 | 146,851 |
| Legacy LAA targets | 0 | 0 | 0 | 0 | 0 | 296,000 | 296,000 |
| Safer & Stronger Communities Total | 23,843 | 160,000 | 51,741 | 16,568 | 252,152 | 606,689 | 858,841 |
| <u>Sustainable Communities</u> | | | | | | | |
| New LAA Targets | 0 | 0 | 0 | 0 | 0 | 3,944,760 | 3,944,760 |
| Ongoing LPSA ² targets | 188,711 | 81,893 | 0 | 0 | 270,604 | 20,107,146 | 20,377,750 |
| Legacy LAA targets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sustainable Communities Total | 188,711 | 81,893 | 0 | 0 | 270,604 | 24,051,906 | 24,322,510 |
| Total all blocks | 364,512 | 703,927 | 105,029 | 209,247 | 1,382,715 | 49,404,410 | 50,787,125 |

The Local Area Agreement (“LAA”)

Year End Outturn

2. Legacy funding

The table below reports year to date expenditure and projected full year expenditure of legacy funding. As at Quarter 4 the LAA blocks had spent 88.1% of the legacy funding. Each block is proposing to spend all of its legacy funding.

| Legacy funding | Budgeted Total Legacy Funding £ | Outturn £ | % of total % | Variance £ |
|--|--|------------------|--------------------|-----------------|
| <u>Children's Trust</u> | | | | |
| New LAA Targets | 245,967 | 245,967 | 100.0% | 0 |
| New LAA - Mandatory Education Targets (DSG) | 0 | 0 | | 0 |
| Ongoing LPSA ² targets | 181,709 | 181,709 | 100.0% | 0 |
| Legacy LAA targets | 73,866 | 73,866 | 100.0% | 0 |
| Children's Trust Total | 501,542 | 501,542 | 100.0% | 0 |
| <u>Health & Wellbeing</u> | | | | |
| New LAA Targets | 101,459 | 101,459 | 100.0% | 0 |
| Ongoing LPSA ² targets | 256,958 | 256,744 | 99.9% | (214) |
| Legacy LAA targets | 0 | 0 | | 0 |
| Health & Wellbeing total | 358,417 | 358,203 | 99.9% | (214) |
| <u>Safer & Stronger Communities</u> | | | | |
| New LAA Targets | 139,721 | 111,683 | 79.9% | (28,038) |
| Ongoing LPSA ² targets | 112,431 | 112,431 | 100.0% | 0 |
| Legacy LAA targets | 0 | 0 | | 0 |
| Safer & Stronger Communities Total | 252,152 | 224,114 | 88.9% | 0 |
| <u>Sustainable Communities</u> | | | | |
| New LAA Targets | 0 | 0 | 0 | 0 |
| Ongoing LPSA ² targets | 270,604 | 270,604 | 100.0% | 0 |
| Legacy LAA targets | 0 | 0 | | 0 |
| Sustainable Communities Total | 270,604 | 270,604 | 100.0% | 0 |
| Total all blocks | 1,382,715 | 1,354,463 | 98.0% | (28,252) |

3. The block reports set out in paragraphs 11 to 22 provide more detail of each block's spend against budget.

The Local Area Agreement (“LAA”)

Aligned funding

The table below reports on the full year projected spend of aligned funding.

| LAA 2008/09 Budget Monitoring - Aligned Budgets (existing base budgets aligned to the delivery of LAA Targets) | Budgeted Total Legacy Funding £ | Projected spend for the full year £ | Variance £ |
|---|--|--|-----------------------|
| <u>Children's Trust</u> | | | |
| New LAA Targets | 15,151,412 | 16,184,910 | 1,033,498 |
| New LAA - Mandatory Education Targets (DSG) | DSG | DSG | N/A |
| Ongoing LPSA ² targets | 438,492 | 438,492 | 0 |
| Legacy LAA targets | 138,900 | 135,635 | (3,265) |
| Children's Trust Total | 15,728,804 | 16,759,037 | 1,030,233 |
| <u>Health & Wellbeing</u> | | | |
| New LAA Targets | 7,604,141 | 7,369,471 | (234,670) |
| Ongoing LPSA ² targets | 1,412,870 | 1,419,592 | 6,722 |
| Legacy LAA targets | 0 | 0 | 0 |
| Health & Wellbeing total | 9,017,011 | 8,789,063 | (227,948) |
| <u>Safer & Stronger Communities</u> | | | |
| New LAA Targets | 276,269 | 276,269 | 0 |
| Ongoing LPSA ² targets | 34,420 | 34,420 | 0 |
| Legacy LAA targets | 296,000 | 252,441 | (43,559) |
| Safer & Stronger Communities Total | 606,689 | 563,130 | (43,559) |
| <u>Sustainable Communities</u> | | | |
| New LAA Targets | 3,944,760 | 4,659,867 | 715,107 |
| Ongoing LPSA ² targets | 20,107,146 | 18,072,133 | (2,035,013) |
| Legacy LAA targets | 0 | 0 | 0 |
| Sustainable Communities Total | 24,051,906 | 22,732,000 | (1,319,906) |
| Total all blocks | 49,404,410 | 48,843,230 | (561,180) |

4. The Children's Trust has identified a projected £1,030,233 overspend of its aligned budgets. £1,033,498 arises in the budget for Children Placements (NI 62 and 63) comprising forecast overspends in Children Looked After (£449,000), Foster Care placements (£267,000) and Community Homes (£299,000). These overspends have been identified elsewhere in the revenue outturn report and have been fully funded by CYPS Directorate reserves.

Potential LPSA² Performance Reward Grant

5. Local Public Service targets agreed under the previous LAA (LPSA² targets) have the potential to deliver Performance Reward Grant. There is £7,609,000 of potential LPSA² Performance Reward Grant. Current projections are that targets with LPSA² Performance Reward Grant of £5,600,915 are likely to be met (but are not entirely risk free), targets with LPSA² Performance Reward Grant of £1,005,080 may be met but have risks and targets with LPSA² Performance Reward Grant of £1,003,005 have already been missed or are high risk.

The Local Area Agreement (“LAA”)

6. The table below lists the targets, the amount of potential reward grant attached to each target and the current projections of achievable reward grant.

| Target | | Total LPSA ² grant available £ | Potentially successful £ | Targets with risks £ | High Risk and Assumed failures £ |
|----------------------|---|--|-----------------------------|-------------------------|-------------------------------------|
| LPSA ² 1 | Children's Trust To ensure reduced levels of crime by supporting young people most at risk of offending | 691,727 | 636,389 | 55,338 | 0 |
| LPSA ² 2 | To improve children's communication, social and emotional development | 691,727 | 242,105 | 345,864 | 103,759 |
| LPSA ² 3 | Health & Wellbeing Board Older people helped to live at home | 691,727 | 423,073 | 268,654 | 0 |
| LPSA ² 4 | Improved quality of life for vulnerable adults | 691,727 | 575,781 | 46,774 | 69,173 |
| LPSA ² 5 | Healthier Lifestyle, eating, physical, emotional, smoking cessation | 691,727 | 415,036 | 0 | 276,691 |
| LPSA ² 6 | Safer & Stronger To improve criminal justice service relating to domestic violence | 691,727 | 553,382 | 0 | 138,345 |
| LPSA ² 7 | Sustainable Communities Growth and sustainability of enterprise and businesses in key future growth, technology and knowledge-intensive sectors | 691,727 | 161,172 | 115,518 | 415,036 |
| LPSA ² 8 | To enable local people and key workers to access affordable housing | 691,727 | 691,727 | 0 | 0 |
| LPSA ² 9 | Improved access to services and work for local people | 691,727 | 691,727 | 0 | 0 |
| LPSA ² 10 | Sustainable low carbon communities with strengthened economic capability | 691,727 | 518,795 | 172,932 | 0 |
| LPSA ² 11 | Improved safety for people using Shropshire's roads | 691,727 | 691,727 | 0 | 0 |
| TOTAL | | 7,609,000 | 5,600,915 | 1,005,080 | 1,003,005 |

Learning to Deliver Improvement Support Grant

7. Shropshire has recently been awarded a Learning to Deliver Improvement Support Grant that will be used to support delivery of the new LAA. The proposed allocation of the grant is set out below.

| Proposed allocation of Learning to Deliver Improvement Support Grant | Budget £ | Outturn £ | % |
|---|---------------|---------------|--------------|
| Interventions to reduce worklessness | 65,000 | 12,600 | 19.4% |
| Capacity of Leadership Board to deliver the LAA | 5,000 | 725 | 15.5% |
| Develop SALC capacity to improve the level of Parish & Town Council involvement in LAA delivery | 3,000 | 1,000 | 33.3% |
| Delivery of Area Partnerships and capacity to deliver LAA priorities | 12,000 | | 0% |
| | 85,000 | 14,325 | 16.9% |

The Local Area Agreement (“LAA”)

Children’s Trust

8. Budget

The Children's Trust has £501,542 of legacy funding from the previous LAA comprising: £255,575 of LPSA¹ Performance Reward Grant, £53,288 of brought forward unringfenced LAA grant and £192,679 of brought forward ringfenced LAA grant. The total LAA grant of £245,967 (ringfenced and unringfenced) has been used to support related NI-based indicators. £181,709 of the LPSA¹ Performance Reward Grant has been allocated to supporting ongoing LPSA² targets and £73,866 to supporting ongoing funding commitments under legacy LAA targets.

The Council has also aligned £15,728,804 of its budgets (including a £29,000 funding contribution from the PCT) and most of its Dedicated Schools Grant to supporting Children’s Trust LAA targets. The Dedicated Schools Grant supports the mandatory education achievement targets but there has been no apportionment of Dedicated Schools Grant to individual targets. New NI-based targets are supported by £15,151,412 of aligned Council budgets, ongoing LPSA² targets are supported by £438,492 of aligned budgets and legacy targets by £138,900 of aligned budgets. The aligned funding for legacy target LAA 1 represents £29,000 of PCT funding for an alcohol worker. Legacy target LAA 2 is supported by the Council’s Youth Service budget of £109,900.

9. Outturn

The Children's Trust has spent all of its legacy funding with no over or underspends. There is a £1,033,498 (13.4%) overspend on the Council's aligned budgets for Children's Placements (NI 62 and 63). This overspend comprises £449,000 overspend on Children Looked After, a £267,000 overspend on Foster Care placements and a £299,000 overspend on Community Homes. These overspends have been funded by CYPS directorate reserves.

Health & Wellbeing

10. Budget

The Health & Wellbeing Board has £358,417 of legacy funding from the previous LAA agreement comprising £151,958 of Pump Priming Grant and a £206,459 allocation of LPSA¹ Performance Reward Grant generated by Shropshire’s first Local Public Service Agreement. All the Pump Priming Grant and £105,000 of the LPSA¹ performance reward grant support ongoing LPSA² targets. £101,459 of the allocation of LPSA¹ PRG that had previously supported legacy LAA targets has been reallocated to new NI based targets.

The Council has aligned £9,017,011 of its budget to support LAA targets. £7,604,141 of this budget supports new NI-based indicators and £1,412,870 supports ongoing LPSA² targets.

11. Outturn

The Local Area Agreement (“LAA”)

The Heath & Wellbeing Board has spent £358,203 of its legacy funding with a minor underspend of £214 remaining. There was an anticipated underspend on aligned budgets of £227,948 due to the Transforming Social Care Programme which has been delayed until 2010/11.

Safer and Stronger Communities

12. Budget

The Safer & Stronger Communities Board is supported by £252,152 of legacy funding from the previous LAA comprising: £23,843 of Pump Priming Grant, a £160,000 allocation of LPSA¹ Performance Reward grant, £51,741 of brought forward unringfenced LAA grant and £16,568 of brought forward ringfenced LAA capital grant. The block is also supported by £606,689 of aligned Council budgets, giving an overall budget of £858,841.

With the move to the new LAA some of the legacy funding has been reallocated to new NI based targets. The £23,843 of Pump Priming Grant has not been reallocated and still supports the ongoing LPSA² 6 target. The £16,568 of ringfenced LAA capital grant has been reallocated from LAA 11 (improving the quality of life by reducing crime) to NI 16 (reducing rates of serious acquisitive crime rate). This ringfenced grant must be spent on capital items. £160,000 of LPSA¹ Performance Reward Grant and £51,741 of unringfenced LAA grant have been reallocated to new NI based indicators and LPSA² 6 target.

13. Outturn

The total legacy funding spent was £224,114 leaving an underspend of £28,038 in Performance Reward Grant funding. There was also an underspend of aligned funding of £43,559 relating to LAA 15 (empowering people to have a greater voice in public services) and LAA 17 (developing Shropshire as an inclusive place to live and work).

Sustainable Communities

14. Budget

The Sustainable Communities Block is supported by £270,604 of legacy funding from the previous LAA comprising: £188,711 of Pump Priming Grant for ongoing LPSA² targets and an £81,893 allocation of LPSA¹ reward grant earned on Shropshire's first Local Public Service Agreement. It is also supported by £24,051,906 of aligned Council revenue and capital budgets.

Within the Sustainable Communities block there is a strong degree of overlap between several of the new NI-based indicators and the ongoing LPSA² targets agreed under the previous LAA. The table below shows where budgets report both ongoing LPSA² targets and new NI-based indicators:

The Local Area Agreement (“LAA”)

| Target and theme | LPSA ² | NI targets | Funding | | |
|--|----------------------|-------------|-------------|--------------|------------|
| | | | Legacy £ | Aligned £ | Total £ |
| Improved safety for people using Shropshire's roads | LPSA ² 11 | NI 47 | | 6,380,950 | 6,380,950 |
| Availability of affordable housing | LPSA ² 8 | NI 154,159 | 76,711 | 65,000 | 141,711 |
| Improved growth and sustainability of enterprises and business | LPSA ² 7 | NI 166, 172 | 73,893 | 8,300,970 | 8,374,863 |
| Developing Low Carbon Communities | LPSA ² 10 | NI 185 | 40,000 | 644,746 | 684,746 |

15. Outturn

The Sustainable Community Block has spent all £270,604 of its legacy funding and £22,732,000 of its aligned funding, leaving an underspend of £1,319,906. This underspend is due to the development of schemes at Tern Valley and Ellesmere Business Park not progressing as planned this year. Both schemes are dependent on acquiring funding from AWM, however in the light of the increased borrowing requirements of the Government, AWM have imposed a moratorium on capital spending whilst a review is undertaken of their commitments.