





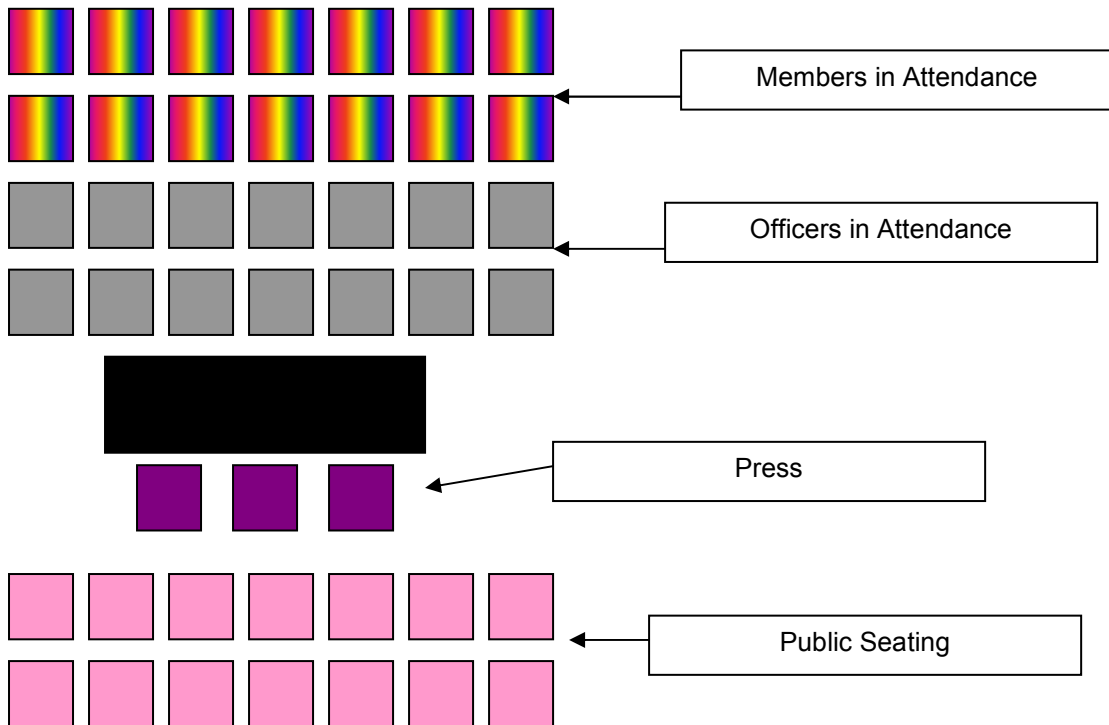
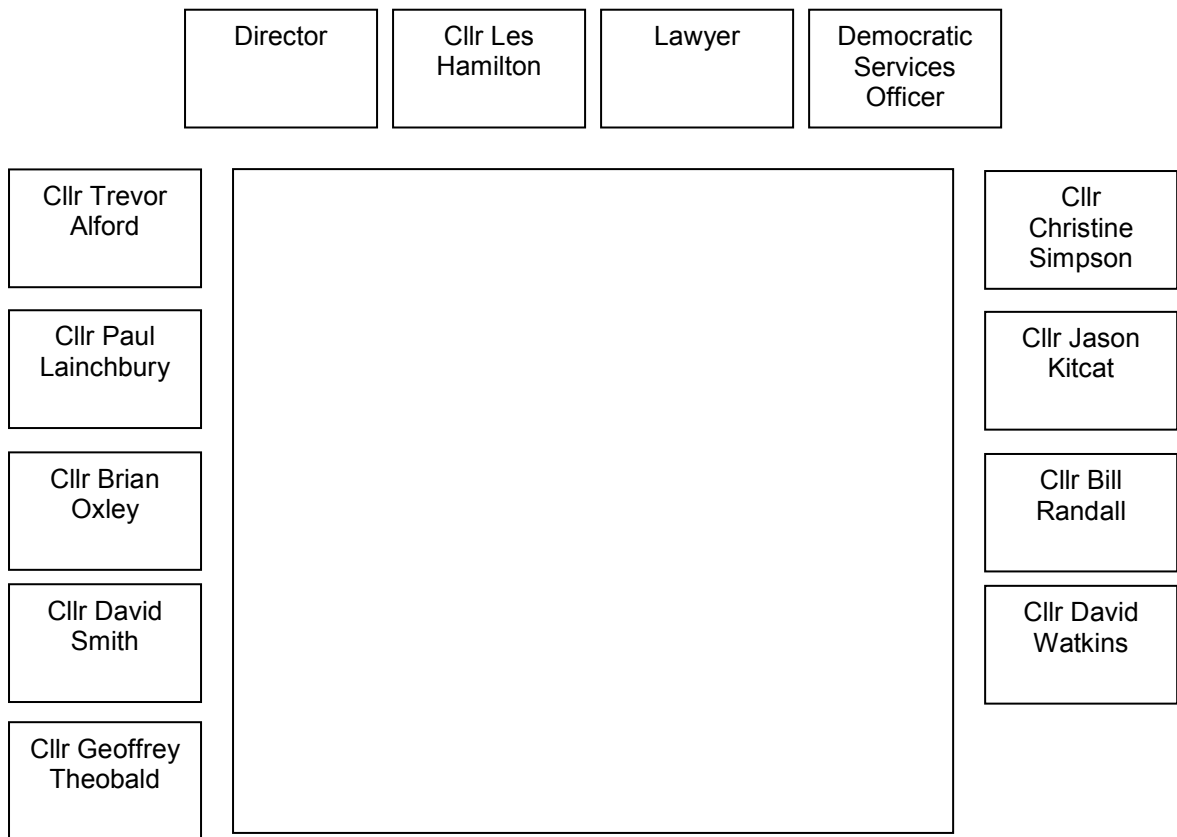
Brighton & Hove
City Council

Audit Committee

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| Title: | Audit Committee |
| Date: | 16 December 2008 |
| Time: | 4.00pm |
| Venue | Committee Room 1, Hove Town Hall |
| Members: | Councillors: Hamilton (Chairman), Alford, Kitcat, Lainchbury, Oxley, Randall, Simpson, Smith, G Theobald and Watkins (Deputy Chairman) |
| Contact: | Penny Jennings Senior Democratic Services Officer 01273 291065 penny.jennings@brighton-hove.gov.uk |

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Democratic Services: Meeting Layout



AGENDA

50. PROCEDURAL BUSINESS

- (a) Declaration of Substitutes - Where Councillors are unable to attend a meeting, a substitute Member from the same Political Group may attend, speak and vote in their place for that meeting.
- (b) Declarations of Interest by all Members present of any personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct.
- (c) Exclusion of Press and Public - To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

NOTE: Any item appearing in Part 2 of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.

A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.

51. MINUTES OF THE PREVIOUS MEETING

1 - 6

Minutes of the meeting held on 4 November 2008 (copy attached).

52. CHAIRMAN'S COMMUNICATIONS

53. PETITIONS

No petitions received by date of publication.

54. PUBLIC QUESTIONS

(The closing date for receipt of public questions is 12 noon on 9 December 2008).

No public questions received by date of publication.

55. DEPUTATIONS

(The closing date for receipt of deputations is 12 noon on 9 December 2008).

No deputations received by date of publication.

AUDIT COMMITTEE

56. WRITTEN QUESTIONS FROM COUNCILLORS

No written questions have been received.

57. LETTERS FROM COUNCILLORS

No letters have been received.

58. AUDIT COMMISSION UPDATE REPORT

7 - 18

Report of the Audit Commission (copy circulated).

Contact Officer: Grahame Brown

Ward Affected: All Wards

59. AUDIT COMMISSION AUDIT AND INSPECTION PLAN 2008-09 - UPDATE

Oral report by representative(s) on behalf of the Audit Commission.

Contact Officer: Grahame Brown

Ward Affected: All Wards

60. AUDIT COMMISSION WORKFORCE PLANNING REVIEW OF PROGRESS

19 - 30

Report of the Audit Commission (copy attached).

Contact Officer: Grahame Brown

Ward Affected: All Wards

61. CAA/CPA USE OF RESOURCES UPDATE AND ACTIONS REPORT

31 - 44

Report of the Director of Finance & Resources (copy attached).

Contact Officer: Nigel Manvell

Tel: 293104

Ward Affected: All Wards

62. TARGETED BUDGET MANAGEMENT

45 - 82

Extract from the proceedings of the Cabinet meeting held on the 20 November 2008, together with a report of the Director of Finance & Resources (copies attached).

Contact Officer: Martin Warren

Tel: 01273 291058

Ward Affected: All Wards

AUDIT COMMITTEE

63. AUDIT AND ASSURANCE SERVICES PROGRESS REPORT REFERENCE

Report of the Director of Finance & Resources (copy to follow).

Contact Officer: Ian Withers *Tel:* 29-1323
Ward Affected: All Wards

64. ANNUAL GOVERNANCE STATEMENT ACTION PLAN

Report of the Director of Finance & Resources (copy to follow).

Contact Officer: Ian Withers *Tel:* 29-1323
Ward Affected: All Wards

65. RISK AND OPPORTUNITY MANAGEMENT (ROM) UPDATE 83 - 90

Report of the Director of Finance & Resources (copy attached).

Contact Officer: Jackie Algar *Tel:* 29-1273
Ward Affected: All Wards

Part Two

66. PART TWO MINUTES - EXEMPT CATEGORY 3 91 - 94

Non-public minutes of the meeting held on the 4 November 2008 (circulated to Members only).

67. PAYROLL AUDIT 2008 - EXEMPT CATEGORY 3

Report of the Director of Strategy & Governance (copy to follow; circulated to Members only).

Contact Officer: Shaun Rafferty *Tel:* 291290
Ward Affected: All Wards

68. CORPORATE RISK MANAGEMENT ACTION PLANS FOCUS - EXEMPT CATEGORY 3 95 - 106

Report of the Director of Finance & Resources (circulated to Members only).

Note: Members are requested to bring their copies of the Corporate Action Plans circulated for the meeting held on 30 September 2008 with them to the meeting.

Contact Officer: Jackie Algar *Tel:* 29-1273
Ward Affected: All Wards

AUDIT COMMITTEE

The City Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public. Provision is also made on the agendas for public questions to committees and details of how questions can be raised can be found on the website and/or on agendas for the meetings.

The closing date for receipt of public questions and deputations for the next meeting is 12 noon on the fifth working day before the meeting.

Agendas and minutes are published on the council's website www.brighton-hove.gov.uk. Agendas are available to view five working days prior to the meeting date.

Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

For further details and general enquiries about this meeting contact Penny Jennings, (01273 291065, email penny.jennings@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk

Date of Publication - Monday, 8 December 2008

BRIGHTON & HOVE CITY COUNCIL

AUDIT COMMITTEE

4.00pm 4 NOVEMBER 2008

COMMITTEE ROOM 1, HOVE TOWN HALL

MINUTES

Present: Councillors Hamilton (Chairman), Alford, Kitcat, Oxley, Watkins (Deputy Chairman), Drake and C Theobald.

PART ONE

36. PROCEDURAL BUSINESS

36A. Declarations of Substitutes

36.1 Councillors Drake, Mrs A Norman and Mrs C Theobald attended in substitution for Councillors Lainchbury, Smith and G Theobald respectively.

36B. Declarations of Interest

36.2 There were none.

36C. Exclusion of Press and Public

36.3 The Committee considered whether the press and public should be excluded from the meeting during consideration of any items contained in the agenda, having regard to the nature of the business to be transacted and the nature of the proceedings and the likelihood as to whether, if members of the press and public were present, there would be disclosure to them of confidential or exempt information as defined in Schedule 12A, part 5, Section 100A(4) or 100 (1) of the Local Government Act 1972 (as amended).

36.4 **RESOLVED** – That the press and public be excluded from the meeting during consideration of Items 48, Non-public minutes of the previous meeting and 49 relative to “Risk and opportunity Management” Corporate Risk Management Action Plans 2008/09 - both Exempt under paragraph 3.

37. MINUTES OF THE PREVIOUS MEETING

37.1 **RESOLVED** - That the minutes of the meeting held on 30 September 2008 be approved and signed by The Chairman as a correct record .

37B. CHAIRMAN'S COMMUNICATIONS**Role and Responsibilities of the Audit Committee**

37.2 The Chairman explained that following the discussions which had taken place at the previous meeting of the Committee advice had been sought from The Director of Strategy and Governance and the Head of Law . Copies of that advice had been forwarded to all Members of the Committee including those who had been absent from the meeting and those Members who had attended as substitutes.

38. PUBLIC QUESTIONS

38.1 There were none.

39. WRITTEN QUESTIONS FROM COUNCILLORS

39.1 There were none.

40. DEPUTATIONS

40.1 There were none.

41. PETITIONS

41.1 There were none.

42. LETTERS FROM COUNCILLORS

42.1 There were none.

43. AUDIT COMMISSION UPDATE REPORT

43.1 The Representative from the Audit Commission who was present explained that following the previous meeting of the Committee there had been contact between Council Officers and Commission staff which was important in developing a progress report format which would meet the needs of the Council. The Commission was amending the audit and inspection Plan 2008/ 09 in the light of changing circumstances at the Council notably the decision to defer the planned housing inspection. It was anticipated that both the progress report and plan would be brought to the committee's next scheduled meeting which was to take place on 16 December.

43.2 In answer to questions it was explained that in the interim until the updated figures were available the authority's value for money assessments were being used. Preparation of these reports represented a significant piece of work for both officers of the Council and audit Commission staff who sought to ensure that scoring mechanisms used were consistent with those used by local authorities countrywide. A review of ethical governance was also in the progress and was significantly advanced. Some additional work on services was due to start in early 2009.

43.3 **RESOLVED** - That the content of the report be noted.

44. TREASURY MANAGEMENT

44.1 The Committee considered a report of the Director of Finance and Resources relative to treasury management including details regarding how increased investment risk resulting from the current turmoil in the financial markets was managed within the Council's treasury management policy. The purpose of the report was to advise the Committee on key aspects of treasury management, in particular how investment parameters were determined and how investment companies were selected (for copy see minute book).

44.2 The report was supplemented by a presentation on which members had the opportunity to ask questions. Copies of the presentation were subsequently made available to Committee members and for public deposit.

44.3 In answer to questions raised by Councillor Alford relative to funds lodged with the Icelandic Bank (which had formed the subject of a question to the last meeting of full Council), it was explained that criteria used within Brighton & Hove the authority were tighter than those used some authorities and in consequence no investments had been made there had been curtailed some time previously. To put the matter into perspective about 3/4 of local authorities had ceased investing with the Icelandic banks prior to the current difficulties in the financial marketplace.

44.4 Councillor Oxley noted that the Council's investments were currently reviewed monthly and this appeared to mirror what was going on across the money markets as a whole. Councillor Kitcat requested amplification from officers' regarding the pros and cons of using different models. Councillor Watkins stated that given the current parlous state of some of the financial institutions this was a matter which would benefit from constant review .

44.5 **RESOLVED** - That the framework within which investment risk is managed be noted.

45. AUDIT AND ASSURANCE SERVICES PROGRESS REPORT

45.1 The Committee considered a report of the director of Finance and Resources detailing the outcome of internal audit work completed since the previous meeting of the Committee and setting out the position regarding the delivery of the Internal Audit Plan for 2008 / 09 (for copy see minute book).

45.2 It was explained that the Accounts and Audit Regulations 2006 required every local authority to maintain an adequate and effective system of internal audit. Audit and Assurance Services carried out the work to satisfy this legislative requirement and part of its responsibilities lay in reporting on the outcome to the Committee.

45.3 In response to questions of Councillor Kitcat relative to measures to seek to maximise rental income (with particular reference to the Council's seafront properties) it was explained that this work was carried out on the Council's behalf by "Cluttons" and that they had to meet the Council's value for money

requirements and was encompassed within the Council's overall Asset Management Plan.

- 45.4 Councillor Alford raised issues regarding the security of the "public" realm within the Council's buildings. It was explained that robust measures were in place in this respect information in respect of this issue could be considered (if members so wished) at a future meeting. Such information would be exempt from disclosure to the public.
- 45.5 **RESOLVED** - That The contents of the report be noted, in particular the status of internal audit work since September 2008.

46. REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT

- 46.1 The Committee considered a report of the Director of Finance and Resources providing details of the background, process and method by which the Audit Committee could comply with its requirement in considering the outcome of the annual review of the effectiveness of internal audit (for copy see minute book).
- 46.2 In answer to questions of Councillor Watkins relative to the potential cost implications of carrying out an external review it was explained that as a peer review by comparable authorities was envisaged, which would be reciprocated no additional costs were envisaged. The Audit Commission had confirmed that they considered such an approach to be acceptable. A peer review provided a useful tool for reviewing effectiveness.
- 46.3 **RESOLVED –**
- (1) That the Committee approve the process using:
 - Self assessment against the CIPFA Code of practice for Internal Audit in Local Government (2006);
 - A peer review with The London Boroughs of Bexley and Bromley;
 - Use of performance data and comparison with the results of the IPF Benchmarking Exercise 2008;
 - External Audit Review; and an Internal Audit "Customer Satisfaction Survey;"
 - (2) That two Members of the Committee (names to be agreed), participate in the task group for the review ; and
 - (3) That the Committee receives a report to its February meeting providing sufficient evidence and opinion to base the review upon. This to include details of any improvement actions required.

47. RISK AND OPPORTUNITY MANAGEMENT (ROM) : UPDATE

- 47.1 The Council's Risk and Opportunity Manager gave an oral update relative to the Risk and opportunity Management (ROM) update. She explained that TMT were due to update the existing risk register on 12 November and that any changes would be reported to the meeting of the Committee scheduled to take place on 16 December 2008. The Business Continuity Manager had escalated a risk re. security to the banking system in August 2008 via his manager, to the Risk Manager and to the Director of Finance and Resources which demonstrated risk escalation in action.
- 47.2 In respect of the British Standard for Risk Management (BS31 100) the final copy was still awaited. When available, the ROM Strategy would be reviewed against it. Risk workshops with project leads of the Sussex Improvement Partnership had taken place or were in the process of being arranged and an E-learning package for (ROM) was in the development stage with the in house team.
- 47.3 Audit and Assurance's report had been finalised - the report gave "substantial assurance over the risk management processes within the authority. Some opportunities for developing the processes further remain. Use of Resources results were expected in December and those pertaining to Risk Management and Internal Control would be reported to the Committee along with the overall use of resources to the Audit Committee along with the overall score at the earliest possible date. The annual ROM programme would be checked to ensure it addressed any improvement points. ROM training had been carried out with project managers and joint working was in progress. In addition the Risk and Opportunity Manager had been invited to give a presentation at the next Member Development Group on how risks and opportunities should be addressed in reports for decision makers.
- 47.4 **RESOLVED** - That the content of the report be noted.

Part Two Summary**48. NON-PUBLIC MINUTES OF THE MEETING HELD ON 30 SEPTEMBER 2008**

- 48.1 The Chairman was authorised to sign the Non-Public Minutes of the meeting held on 30 September as a correct record.

49. CORPORATE RISK MANAGEMENT ACTION PLANS FOCUS

- 49.1 The Committee considered the four areas of risk which were currently identified as representing the most significant potential risks and the procedures and structures in place to manage them
- 49.2 It was agreed that this would be a standing item on future agendas.

The meeting concluded at 6.10pm

Signed

Chair

Dated this

day of

Progress Report

Brighton and Hove City Council

Audit 2008/09

December 2008



Contents

| | |
|---|----------|
| Summary report | 3 |
| Appendix 1 - Audit Commission work programme | 6 |

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/ members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Summary report

Introduction

- 1 Our audit and inspection plan for 2008/09 was presented to the Audit Committee in June 2008. This report provides a summary of progress to date on this plan. It also summarises the work on 2007/08 audit and inspection plan as this work is nearing full completion.

Background

- 2 The audit and inspection plan for 2008/09 set out the following areas of work:
 - financial statements and Whole of Government Accounts;
 - value for money conclusion;
 - use of resources scored assessment;
 - data quality;
 - the National Fraud Initiative;
 - a joint review with health partners of health inequalities in the City;
 - a review of the impact of migrant workers;
 - an inspection of housing services; and
 - certification of grant claims and returns
- 3 We have agreed with officers since the production of the plan that the housing inspection will not take place in the coming months but there will be further discussions about it as part of the development of the 2009/10 audit and inspection plan.
- 4 These areas are covered in the detailed report section below. Details of work relating to the 2007/08 audit and inspection period are also provided.

Main conclusions

Financial statements and Whole of Government Accounts 2007/08

- 5 Our work on the Council's financial statements 2007/08 is complete and we issued an unqualified audit opinion on 30 September 2008. A summary of the key matters arising from the work was set out in the Annual Governance Report which was presented to the Audit Committee in September 2008.
- 6 Our Whole of Government Accounts work is complete and we certified the required return and despatched it to the Treasury before the deadline set.

Value for money conclusion 2007/08

- 7 We issued a conclusion confirming that the Council had put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources which is known as the 'value for money conclusion'. The conclusion was issued as part of our formal audit report on the financial statements in September 2008 in accordance with the deadline set.

Use of resources 2007/08

- 8 We have completed a scored assessment on the use of resources at the Council which relates to the financial year 2007/08. We used the Audit Commission's detailed framework which focuses on the Council's arrangements to ensure that resources are available to support the Council's achievement of its priorities and ability to improve services. The scores will be published by the Commission in December 2008 and we have presented a draft report setting our detailed findings to officers.
- 9 In our last progress report there were two specific use of resources reviews relating to 2007/08 that have not been completed. The first which was a follow-up on our previous work on workforce planning which had been subject to a number of delays at the request of officers. This has now been completed and our report is included in the agenda papers for the Audit Committee meeting on 16 December 2008.
- 10 The second is a review of the Council's governance arrangements using a guide produced by the Commission. This has also been delayed at the request of officers. Fieldwork is now underway but will not be completed until January 2009 and reporting to follow after this. Our work also includes an online survey to establish how effectively the Council's governance arrangements are promoted and used. We are liaising with officers to ensure our work complements other work by the Council in this area.

Data quality 2007/08

- 11 A review of the Council's management arrangements for data quality has been completed as has detailed testing of a sample of performance indicators. We are in the process of reporting the outcomes of our work to the Council and have concluded that the Council's overall management arrangements for ensuring data quality are consistently above minimum requirements. Of the five indicators subject to detailed testing, four was fairly stated but one was not which related to the percentage of Council-owned dwellings which do not meet the decent homes standard at the start of the financial year. We concluded that the core data held on the dwellings was not accurate in all respects. It is of note that this indicator was also not fairly stated in 2006/07 because the database was considered inaccurate.

Grant claims and returns 2007/08

- 12 Each year we are required to undertake work on behalf of third parties to certify claims and returns submitted by the Council. The 2008/09 audit work is nearing

Summary report

completion. There are two outstanding for reasons outside of our control which are the single regeneration budget claim and the new deal for communities claim. There is a risk that they will not be completed by the deadline of 31 December 2008.

Use of resources 2008/09

- 13 A shown in paragraph 2 there were two specific use of resources reviews planned for 2008/09. The joint review of health inequalities across the City has been the subject of a number of discussions with officers from the Council and Brighton & Hove City PCT. We are close to agreeing the specification of the work which builds on the findings from the Council's own analysis of the incidence of inequalities and work undertaken with the PCT last year.
- 14 Our planned work on migrant workers has been cancelled after discussions with officers. We will discuss with officers alternative work to provide information on the new format use of resources assessment that will be undertaken by us in 2009. This is fundamentally different to the scored use of resources assessment used previously and will require a revised approach by the Council to ensure that it focuses on, and provides evidence of, the delivery of its stated priorities and targets.
- 15 In early 2009 we have agreed to undertake work to support housing services, which is outside of our formal audit responsibilities at the Council and is categorised as advice and assistance. A specification for this work has been agreed and we have recently agreed a deferral of one week to the start date which is planned for mid-February 2009. A report will be issued at the conclusion of the work. This work replaces planned work from the 2007/08 audit which was a follow-up on the housing inspection undertaken by the Commission in 2005.

National Fraud Initiative

- 16 The Council participates in the Audit Commission's scheme that matches computerised data and we are discussing the arrangements for 2009 with officers.

Audit fees

- 17 The audit and inspection fee for 2007/08 totalled £294,810, which is split between audit (£270,470) and inspection (£24,340). We expect to deliver the audit and inspection work within the fee set. The fee for our work on grant claims and returns are billed separately depending on the number and complexity of the work required.
- 18 The audit and inspection fee for 2008/09 totalled £394,572 which was split between audit (£323,468) and inspection (£71,104). As the housing inspection planned will not take place, the inspection element will be £24,634 making a revised total of £348,102. As noted in paragraph 14, we will not progress the migrant workers' review and will discuss undertaking alternative work with officers.

Appendix 1 - Audit Commission work programme

- The grid below summarises the main work areas and the progress made to date. It looks forward to March 2009 and includes the preparation of our Audit & Inspection Plan for 2009/10. We will update this for the next meeting to include the name of the lead contact officer for the Council.

| Audit Commission (AC) work programme | | 2008 | | | | | | | | | | | | 2009 | | | |
|--|---|------|------|--------|-------------|---------|---|----------|---------|----------|----------------------|----------------------|--|---------------|--|--------------|--|
| | | June | July | August | September | October | November | December | January | February | March | | | | | | |
| Work stream | Description | | | | | | | | | | | | | | | | |
| 2007/08 audit work remaining as at December 2008 | | | | | | | | | | | | | | | | | |
| Workforce planning follow-up AC lead - Kam Shergill BHCC lead – Janice Millman | Update progress on previous work undertaken in 2005/06 | | | | Work starts | | Complete work and report findings to BHCC | | | | | Final report issued | | | | | |
| Good governance AC lead - Alex Orme BHCC lead – Abraham Ghebre-Ghiorghis | Review of the arrangements in place and how they operate. To include the Commission's online survey 'Your business @ risk'. . . | | | | Work begins | | Audit work continues | | | | Audit work continues | Audit work continues | | Complete work | | Issue report | |

Summary report

| Audit Commission (AC) work programme | | 2008 | | | | | | | 2009 | | | | |
|---|---|--|--------------------|-------------------|--|----------------------|------------------------------------|-------------------------------|---------|----------|-------|--|--|
| | | June | July | August | September | October | November | December | January | February | March | | |
| Work stream | Description | | | | | | | | | | | | |
| Audit of accounts including Whole of Government Accounts (WGA) and Value for Money (VfM) conclusion AC lead - Grahame Brown BHCC leads – Richard Szadziwski & Nigel Manvell | Issue Annual Governance Report (AGR) before giving opinion. Give opinion on the 2007/08 accounts. Give VfM conclusion. Certify the WGA return for 2007/08. | Accounts approved by Audit Committee on 26 June 08 | Audit work started | Audit work | Issued AGR. Gave audit opinion including VfM conclusion by 30 Sept 08. | Certified WGA return | Final accounts report to officers. | | | | | | |
| 2008/09 audit work | | | | | | | | | | | | | |
| Audit and Inspection Plan (AAIP) 2008/09 AC lead - Helen Thompson BHCC leads - Nigel Manvell & Janice Millman | AAIP prepared and discussed with BHCC. Plan to be kept under review as audit year progresses. | AAIP presented to Audit Committee | | | | | | | | | | | |
| Use of Resources (UoR) scored assessment 2008 AC lead - Grahame Brown BHCC leads - Richard Szadziwski & Nigel Manvell | UoR scores are given after assessment of BHCC's arrangements using the Commission's Key Lines of Enquiry 2008. | | | Audit work starts | Audit work | Prepare draft scores | Issue UoR report to officers | Final scores notified to BHCC | | | | | |

| Audit Commission (AC) work programme | | 2008 | | | | | | 2009 | | | |
|--|---|------|--------------------------------|---|--|---|--|---|----------------------------|--|--------------------------------|
| | | June | July | August | September | October | November | December | January | February | March |
| Data quality AC lead - Grahame Brown BHCC lead – Janice Millman | Management arrangements (stage 1), inclusion check & analytical review (stage 2) and detailed testing of a sample of performance indicators (Plis) (stage3) | | Stage 1 started | Stage 1 completed | Stages 2 & 3 started | Stages 2 & 3 completed (except HB) and reported to AC | Completed housing benefit Plis and report to AC | Report issued to officers | | | |
| Grant claims and returns AC lead - Grahame Brown BHCC lead – Nigel Manvell | Review claims and returns submitted to us in accordance with certification instructions issued by the AC | | Early work on Housing Benefits | Early work on NDR, Teachers' Pensions and Housing Base Data | Certification of claims and returns by deadlines. None missed. | Certification of claims and returns by deadline. None missed. | Certification of claims and returns by deadlines. None missed. | Certification of claims and returns by deadlines. | | | |
| Direction of Travel (DoT) 2008 AC lead - Sandra Prail BHCC lead – Janice Millman | DoT assessment led by Comprehensive Area Assessment Lead. Comprehensive Performance Assessment (CPA) to be reported by AC. | | | | | | | Fieldwork in progress | Field work to be completed | DoT to be notified to BHCC. CPA to be published by AC. Present to Cabinet on 12 Feb 09 and Audit Committee on 24 Feb 09. | Formal DoT report to be issued |

Summary report

| Audit Commission (AC) work programme | | 2008 | | | | | | 2009 | | | | |
|---|--|------|------|--------|---------------|---------------------------|----------|-----------------------------|-------------------------------|--------------------------------|--------------------------|--|
| | | June | July | August | September | October | November | December | January | February | March | |
| Work stream | Description | | | | | | | | | | | |
| Waste PFI contract AC lead - Mike Allen BHCC lead – Mark Ireland | Review of renegotiated contract | | | | Works started | | | | | | | |
| Health inequalities AC lead – Norma Christison BHCC lead – Janice Millman & Tom Scanlon | A review with Brighton & Hove PCT to assess the joint response to incidences of health inequalities in the City. | | | | | Issue draft project brief | | Project brief agreed | Work starts | Issue draft report to officers | | |
| Other Use of Resources work agreed with BHCC AC lead - Helen Thompson BHCC lead – Janice Millman | Further details will be added as the scope and timetable for individual reviews are agreed. | | | | | | | | | | | |
| Audit of accounts 2008/09 AC lead - Grahame Brown BHCC leads – Richard Szadziwski & Nigel Manvell | Give opinion on the 2008/09 accounts including the VfM conclusion. Certify the WGA return for 2008/09 to the Treasury. Details of dates for the latter stages of this work to be inserted into future progress reports. Broadly these are in the period July to October 2009. | | | | | | | Pre-statements work started | Pre-statements work continues | Pre-statements work continues | Pre-statements work ends | |

| Audit Commission (AC) work programme | | 2008 | | | | | | | | | | | | 2009 | | |
|---|--|------|------|--------|-----------|---------|----------|----------|---------|----------|-------|----------|-----------------------|--|--|--|
| | | June | July | August | September | October | November | December | January | February | March | February | March | | | |
| Annual Audit & Inspection Letter (AAIL) AC leads - Helen Thompson & Sandra Prail BHCC lead – Janice Millman | Description Summarises the key findings from the audit and inspection work undertaken. | | | | | | | | | | | | Officer meeting (TBC) | Present to Cabinet 12 Feb 09 and to Audit Committee 24 Feb 09. | | |
| Housing support work | This is not within the A&IP 2008/09 but has been agreed with BHCC as part of the AC's powers to undertake assistance and advisory work outside of its statutory audit responsibilities. This work supports BHCC by seeking opportunities to improve its arrangements in its housing revenue account (HRA) business planning, HRA income collection and tenants' participation in the development of housing services. | | | | | | | | | | | | | Fieldwork starts. Report to BHCC. | | |

The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, covering the £180 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

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Workforce

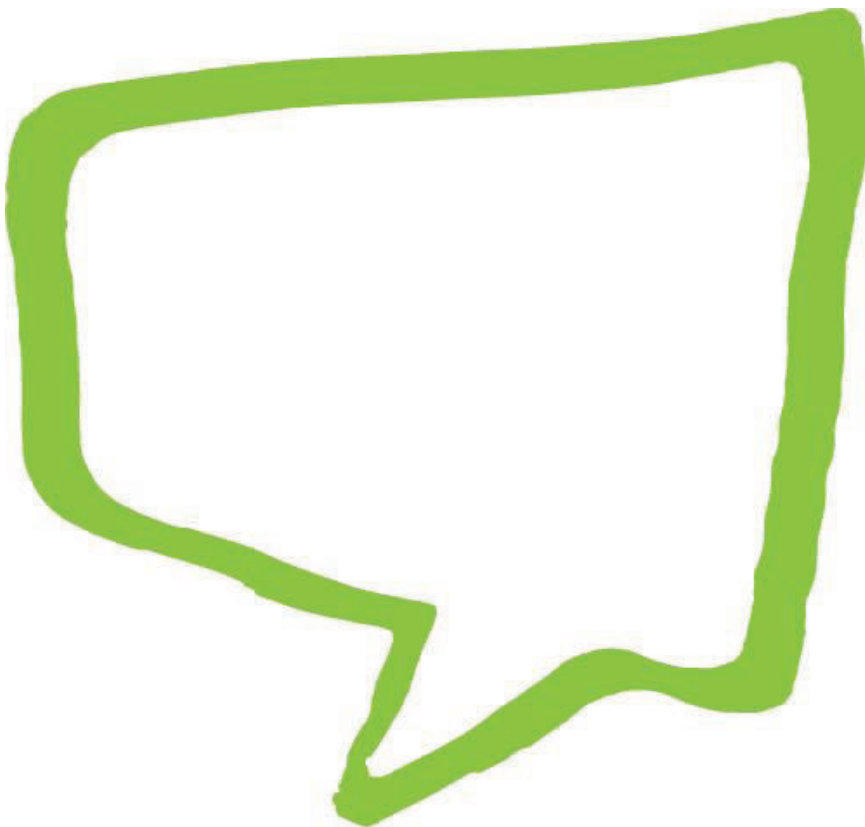
Planning review of

progress

Brighton and Hove City Council

Audit 2008/09

December 2008



Contents

| | |
|-------------------------|----------|
| Introduction | 3 |
| Background | 4 |
| Audit approach | 5 |
| Main conclusions | 6 |

Status of our Reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Introduction

- 1 Council members and staff are faced with the challenge of continuously improving services with limited financial resources in a rapidly changing environment while subject to a high level of public scrutiny. This demands the very best management of the staff at the Council's disposal. This can be enhanced by maintaining up-to-date intelligence on the skills they need to deliver local services, the level of skills within the Council, and what is needed to bridge any skills gaps or shortages.
- 2 This report is a review of progress against recommendations made within the Audit Commission's Workforce Planning Report 2005/06. Progress was assessed against the following questions.
 - Does the Council have an up to date and meaningful Human Resources strategy that is linked to corporate aims and objectives?
 - Does the Council have a workforce plan?
 - Are there arrangements for succession planning to ensure relevant skills are not lost to the Council?
 - Has the Council identified its key skill areas?
 - Has the Council adopted any innovative techniques to address workforce planning?

Background

- 3 In 2005/06 Brighton & Hove City Council identified shortcomings in using HR and workforce planning to build capacity and these featured as potential areas of risk to the Council. Sickness rates were comparatively high and the Council was facing recruitment and retention issues in some key staff groups which affected the delivery of some services. Progress overall had been slow in developing key human resource policies and strategies, particularly workforce and succession planning and this prevented the Council's staffing resources being confidently and securely aligned to its needs.
- 4 The Audit Commission's 2005/06 report on Workforce Planning identified thirteen recommendations for improvement. These were broadly in relation to the Council's:
 - overarching people strategy;
 - workforce plans;
 - approach to succession planning;
 - knowledge of skills base and use of competencies; and
 - equality and diversity in employment.
- 5 The most recent Corporate Assessment Report 2006 also identified management of the Council's human resources as an area for improvement, it found workforce development to be weak.
- 6 The Council's new corporate plan (2008-11) states that the Council wants to be an 'employer of choice' with both a strong reputation and good people management practices. This includes:
 - 'Modernising our pay schemes to make them fair and comprehensible;
 - transforming our HR approach through new technology, reducing costs and allowing more flexibility in how we manage our business;
 - increasing our staff satisfaction and thereby improve the quality of services delivered;
 - increasing the number of apprenticeships/trainee schemes that lead to local people working for us and partner organisations in the city.
 - ensuring that we continue to make progress with good diversity in our workforce; and
 - developing a comprehensive people strategy to ensure we have the workforce that we need into the future'.

Audit approach

- 7 The fieldwork has been carried out through reviewing key Council documents and interviewing senior officers. The findings are being fed back to the Council in the form of an agreed report.

Main conclusions

- 8 The Council is putting in place the right building blocks to enable it to meet both its present and future workforce challenges. This has taken some time and has yet to make an impact but it means that the Council will be in a stronger position to bridge its skills gaps or shortages in a strategic way.
- 9 The Council's new corporate plan 2008/11 sets out a clear commitment to be an employer of choice and workforce planning is identified as a key priority. The new draft People Strategy is in the early stages of development and synergies with the draft Workforce and Organisation Development (OD) Plan are developing. Because the people and workforce strategies are still in development, stakeholders have yet to be fully involved to ensure they have a common understanding and are fully engaged with the process. The Council is supporting its People Strategy through investment in HR systems and resource modelling.
- 10 The draft Workforce and OD plan is based on research and local intelligence and is aligned to the corporate plan but has yet to be supported by an action plan. Not all directorates have workforce plans in place, but the Council has set itself a target to be compliant with the Investors In People Standard by the end of 2008. The Council is in the process of identifying how corporate 'priority actions' inform Directorate Pay and Workforce Action plans by strengthening links between them. Templates are SMART but not yet embedded across the Council.
- 11 Plans for succession planning have been considered but have yet to be implemented.
- 12 The Council has recently refreshed and re-launched its business planning framework, including Personal Development Plans (PDP), based on good practice, to ensure greater consistency and ownership amongst staff but this has yet to make an impact. Latest data suggests that approximately 68 per cent of staff have a PDP, PDPs are an effective tool to establish the skills base of the Council and are presently not being used to full effect.
- 13 The Council has achieved only level 2 of the Equality Standard but is actively working towards achievement of Level 3.

Does the Council have an up to date and meaningful HR strategy that is linked to corporate aims and objectives ?

- 14 The Council's new corporate plan 2008/11 sets out a clear commitment to be an employer of choice. It sets out the Council's ambitions to ensure that:
 - internal processes for managing people are consistently strong and effective;
 - modernise pay schemes to make them fair;
 - transform its HR approach through new technology whilst reducing costs;
 - increase staff satisfaction;
 - increase the number of apprenticeships/ trainee schemes that lead to local people working for it and partner organisations;

Main conclusions

- ensure that the Council continues to make progress with good diversity in its workforce; and
 - to develop a comprehensive people strategy to ensure that it has the workforce that it needs into the future.
- 15** The corporate plan agreed in June 2008 identifies organisational development priorities such as - Value For Money (VFM), people management and IIP (including workforce planning). The Council has rolled out its VFM programme and HR is being restructured to provide a more client focussed role. The Council is concentrating on IIP which is being driven by the Chief Executive and is in the process of improving measures such as the use of PDPs; addressing staff survey results; introducing a new business planning process and refreshing its workforce plan. It is raising staff awareness via dissemination of individual planning folders to 3000 staff and is anticipating an IIP inspection in early 2009.
- 16** The People Strategy and Workforce and OD Plan are currently in draft and synergies between both documents are not made explicit. The draft People Strategy is aligned to the corporate plan and is a high level draft but with prioritised detailed actions/ targets and resources yet to be specified. Synergies with the Workforce and OD Plan are not clear and priority actions identified in the draft Workforce and OD Plan are not aligned to those of the draft People Strategy. Both these strategies will be presented to TMT in October 2008. Arrangements for communicating to stakeholders and monitoring both plans have yet to be defined.
- 17** Because the people and workforce strategies are still in development - stakeholders have yet to be fully involved to ensure they have a common understanding and are fully engaged with the process. The workforce strategy is currently being revised and in the coming months this process will include a full consultation with: services on business needs; staff (forums) on workplace issues; members on priorities for workforce planning and improvement; and trade unions. The Council plans to finalise both the Workforce and OD Plan and the People Strategy in October 2008.
- 18** The Council is in the process of identifying how corporate 'priority actions' inform Directorate Pay and Workforce Action plans by strengthening links between them. The work on single status and modernising pay means the Council is in the process of designing a future pay structure by matching its reward structures to the Council's immediate and long terms service priorities. It plans to complete the Job Evaluation exercise by October 2008.
- 19** The Council is supporting its People Strategy through investment in HR systems and resource modelling. The Council plans to procure an integrated payroll/personnel system by 2010, which will enable more timely real time and accurate data, for example improved data on the establishment - staff joining and those leaving.

Does the Council have a workforce plan ?

- 20** The draft Workforce and OD plan is based on research and local intelligence and is aligned to the corporate plan. It includes priorities but has yet to be supported by an action plan. A consultant has undertaken a diagnostic based on interviews with senior and middle managers from all departments regarding their current people/skill resources and projections of the skills base required in the future. This information has been profiled and informs the draft Workforce and OD Plan. The Plan's communication and monitoring has yet to be defined. The IIP Programme states that the People Strategy and Workforce Development Plan is to be launched but no timescale is included in the IIP programme dated August 2008.
- 21** Not all directorates have workforce plans in place. Workforce plans are in place for some departments including the Children and Young People's Trust and Finance and Resources. Corporately, there has been positive engagement of partners such as the Local Employment Partnership. But other service areas have yet to develop workforce plans, for example, Adult Social Care and Housing. The IIP Plan stipulates that all Directorate Plans are to have workforce development requirements clearly identified and linked to achievement of high level priorities by December 2008.
- 22** Workforce planning is being cascaded to team level but is not yet embedded. The Council's response to workforce planning is through the IIP process. The chief officers group - Management Team (TMT) agreed to adopt the IIP framework in April 2008. The People, Performance Implementation Group, made up of senior staff level champions from each directorate, meet on a regular basis and track departmental progress through the IIP Programme. SMART workforce planning templates have been developed as part of business planning but these are not yet consistently embedded. Team workforce planning templates have been redesigned to include links with higher level plans; development need; outcomes; priorities; costs and timescales. This revised business planning process is in line with good practice and is currently being rolled out Council-wide. This will be considered externally as part of the IIP assessment planned for early 2009.

Are there arrangements for succession planning to ensure relevant skills are not lost to the Council ?

- 23** The Council has considered succession planning but it has not yet been implemented. The Workforce and OD Plan revision includes mapping departmental issues such as succession planning. It is proposed that this work will be taken forward as part of the development of a recruitment and retention strategy later in 2008, which will look at, flexible working, salary sacrifice, non-financial rewards and policies on recruitment and selection.

Main conclusions

Has the Council identified its key skill areas ?

- 24** The Council has refreshed and re-launched its business planning framework (including PDPs) to ensure greater consistency and ownership but this has yet to be embedded. Presently development opportunities are not consistently outlined in divisional business plans and individual work plans (PDP's). A new business planning approach has been introduced to assure a high level of consistency and compliance. This is being re-enforced through disseminating individual planning folders to 3000 staff from August 2008. These include individual/team/divisional plans; a job description; person specification and personal development plan. The Council has taken a conscious decision to issue manual files to ensure consistency.
- 25** Latest data suggests that approximately 68 per cent of staff have a PDP, thus the Council is unable to comprehensively establish the skills of its workforce. The Council plans to increase this to 90 per cent by the end of the year through its work on IIP and development of business and individual plans. Internal audit will be undertaking a review in quarter 3 2008/09. The Council has taken a decision to not carry out a skills audit as it believes that once the new PDP scheme is consistently applied it will address skills gaps and ensure long term plans for responding to skills gaps are picked up through the workforce planning process. This will compliment skills knowledge obtained through Job Evaluation. A corporate learning and development programme will be linked to key priorities from September 2008.

Has the Council adopted any innovative techniques to address workforce planning?

- 26** The Council is rolling out a new business planning process based on good practice and is embedding management competencies for staff at management level. A holistic approach to competency based recruitment, appraisal and development is to be considered at a later stage. Management appraisal and development is based on the competency framework provided in the Management and Leadership Standards. A corporate learning and development programme to support the Standards was launched in April 2008 and is to be evaluated in the coming months.
- 27** The Council has achieved only level 2 of the Equality Standard but is actively working towards achievement of level 3. Key areas for improvement include:
- embedding Equality Impact Assessments (EIAs);
 - business planning has yet to consistently incorporate equality objectives;
 - equalities monitoring is not fully developed; and
 - the Council has yet to develop a joint action plan to improve recruitment retention and career development of staff from all parts of the community.

- 28** Strengths include work on developing a city wide equality scheme and establishing the City Inclusion Partnership (with statutory partners) in June 2008 (within the 2020 Community Partnership) to tackle equalities and inclusion citywide and is to be formally adopted by the LSP by September 2009. In 2007 the Council engaged the local community to design new branding for recruitment that would be more inclusive and attractive to potential employees from all communities and received a national award for this work. In response to bullying identified in the staff survey 2007 and as part of the Corporate Assessment, the Council has agreed to develop a new Dignity at Work framework but it has yet to make an impact.

The Audit Commission

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|-------------------------|--|--|---------------------|
| Subject: | CPA/CAA Use of Resources Update and Actions | | |
| Date of Meeting: | 16 December 2008 | | |
| Report of: | Director of Finance & Resources | | |
| Contact Officer: | Name: | Nigel Manvell | Tel: 29-3104 |
| | E-mail: | Nigel.Manvell@brighton-hove.gov.uk | |
| Wards Affected: | All | | |

FOR GENERAL RELEASE

1 SUMMARY AND POLICY CONTEXT

- 1.1 The report provides the Audit Committee with information concerning the arrangements for external assessment of the council's use of resources together with details of planned actions to continue to improve the use of resources.

2 RECOMMENDATIONS:

- 2.1 That the Audit Committee note the actions undertaken during 2007/08 and 2008/09 to improve the use of resources.

3 USE OF RESOURCES ASSESSMENT 2008 (for 2007/08 Financial Year)

- 3.1 The assessment of each council's use of resources is currently part of the Comprehensive Performance Assessment (CPA) framework developed by the Audit Commission. The Use of Resources assessment uses "key lines of enquiry" (KLOE) to test how effective councils' arrangements, policies and practices are for ensuring that resources are used effectively, are properly safeguarded and managed, and support their priorities. There are currently 11 headline KLOE spread across 5 components as follows:

- i) **Financial Reporting** – this component assesses how good the council's financial accounting and reporting arrangements are and how well it promotes external accountability.
- ii) **Financial Management** – this component assesses how well the council plans and manages its finances in-year and in the medium term (3 to 5 years). It looks at financial performance monitoring and how well the council manages its assets.

- iii) **Financial Standing** – this component reviews the council’s financial position and health including whether it manages within budget and whether it has appropriate balances, contingencies and reserves. This component also tests to see whether the council monitors income targets closely and sets challenging targets for income collection performance.
- iv) **Internal Control** – this component examines whether the council manages its business risks and opportunities effectively and assesses its systems of internal control to ensure probity.
- v) **Value for Money** – this is a critical component that carries greater weight and will become central to the new assessment arrangements from 2009. Value for Money assesses how well a council uses resources to deliver services and outcomes in support of its priorities. The assessment compares (benchmarks) the council’s performance with comparable authorities as well as assessing how “embedded” the approach to managing value for money is throughout the council.

3.2 The use of resources assessment framework for 2007/08 is more demanding than previous use of resources assessments. The status of some key lines of enquiry has been elevated and the assessment has been extended into other areas such as sustainability and the use of physical and natural resources.

3.3 The use of resources assessment uses a four point scale from 1 to 4, with 4 being the highest. Brighton & Hove City Council’s Use of Resources ratings for each component, headline KLOE’s (that make up each component) and overall rating for the 2007 assessment (2006/07 financial year) are as follows:

| Component | Score (out of 4) | Headline Key Lines of Enquiry (KLOE) | Score (out of 4) |
|----------------------|----------------------------|---|----------------------------|
| Financial Reporting | 2 | { 1.1 (Quality of accounts) { 1.2 (Accessibility of accounts) | 1 3 |
| Financial Management | 3 | { 2.1 (Quality of financial planning) { 2.2 (Financial Performance arrangements) { 2.3 (Management of assets) | 3 3 3 |
| Financial Standing | 2 | { 3.1 (Financial position and income management) | 2 |
| Internal Control | 3 | { 4.1 (Management of risks) { 4.2 (System of internal control) { 4.3 (Probity and ethical conduct) | 3 3 3 |
| Value for Money | 2 | { 5.1 (Value for money achievement) { 5.2 (Management of value for money) | 2 3 |
| Overall | 2 | | |

3.4 The outcome of the assessment for 2008 (2007/08 financial year) is due to be issued to councils on 8 December 2008 but will be embargoed until 14 December. Councils will have until 19 December 2008 to lodge any appeal against the assessment. The full results of all councils will be published in

February 2009 and the Annual Audit & Inspection Letter is also expected to be received in March 2009.

- 3.5 The Audit Commission produces a report for council's highlighting the outcome of the assessment process and indicating areas of strength and areas for improvement. A summary of the findings is also included in the auditor's Annual Audit and Inspection Letter (AAIL) reported each year.

4 APPROACH TO EFFICIENCY AND VALUE FOR MONEY

- 4.1 As mentioned above, value for money is a key component of the current CPA use of resources assessment and carries more weight than other components. The assessment considers not only how well the council compares with other authorities but also how well embedded the culture, management and processes supporting value for money are across the council.

- 4.2 The Audit Commission's website highlights the key principles that underpin the Audit Commission's approach to VFM, which are as follows:

- to judge VFM from a community-wide perspective as well as for individual service users;
- to consider sustainability of outcomes when assessing effectiveness;
- where possible, to look at gross costs, as net costs can mask high spending if income is also high (balancing VFM for the whole community with charging levels that do not represent a barrier to people using the service);
- local context and quality of service need to be taken into account in arriving at VFM judgements;
- numerical data on costs and performance provide a starting point for questions, not answers;
- VFM judgements need to allow for local policy choices (within a national policy context) about priorities and standards of service;
- to assess current performance in achieving VFM and how well VFM is managed, the capacity to improve over time, and the extent to which a long term approach is taken;
- to rely primarily on evidence of outcomes achieved and the effectiveness of activity to improve VFM.
- Inevitably some elements, such as quality and sustainability, are more subjective and more difficult to measure than other elements. 'Value' can often take many years to materialise, for example in long-term contracts. What is VFM at one point in time may not be a year later. It is therefore important when considering the VFM equation to evaluate the optimum balance over the whole life of the service taking into consideration "whole life" costs and benefits.
- VFM is also specific to different contexts and a key component in assessing effectiveness is relevance to and impact on local priorities. What is VFM for one organisation, or locality, may not be the same for another. A strong element of good, informed judgement is therefore

required when considering whether VFM has been satisfactorily achieved or not, and how it might be improved.

- 4.3 In the context of the assessment, the council recognises that some of its services are relatively high spending compared with other authorities but this does not necessarily mean poor value for money as many of these services are considered high priority and are judged to be of good quality as evidenced by CPA and other Inspection results. However, some areas, such as central support service costs are amongst the lowest spending per head in the country. The overall spending profile of the authority is based in part on historical and current demographic factors together with previous and current political priorities and spending decisions.
- 4.4 The authority also achieves significant savings year-on-year and has consistently overachieved Gershon efficiency targets, for example, achieving savings of £6.3m in 2007/08 (£5.6m cashable) compared to a target of £5.6m (£2.8m cashable). Total savings of £11.0m were identified in 2007/08 and £9.1m in 2008/09 from a mixture of efficiencies, income generation and management and administration savings. These are very important and enable the authority, which receives the minimum government grant increase, to continue investing in priority areas.
- 4.5 The council has long recognised the importance of systematically reviewing its services in order to support not only the delivery of efficiency savings but also to ensure that good performance and best practice are achieved wherever possible. Many Best Value reviews and other key service reviews have been undertaken and have delivered improved outcomes and/or efficiency over the years. However, a more robust framework has now been developed and a council-wide programme of value for money reviews has been implemented using a commonly applied methodology. The current value for money programme of reviews started in July 2007 with Adult Social Care and is now nearing completion, with the Environment directorate the last to be reviewed.
- 4.6 The reviews have taken into account a range of complex factors that help directorates prioritise their improvement projects. Factors include:
- Council priorities
 - Service performance
 - Spending and unit cost comparisons
 - Cost versus benefit evaluations
 - Potential to improve or achieve efficiencies and at what level of investment i.e. is there a “quick win” or is wholesale service transformation needed
 - Stakeholder views

The output of each review was either an implementation plan, improvement project plan or business case depending on whether there were “quick wins” or a case to invest in transformation on a larger scale.

- 4.7 Each value for money improvement programme includes projects that will take between 6 months and 2 years to undertake and implement depending on their complexity and the level of service transformation recommended. These

projects are clearly be an important element of helping the council to deliver efficiency savings while improving services i.e. achieving value for money. As the outcome of reviews is known and the financial savings and investments are quantified, these will be built into the council's Medium Term Financial Strategy and annual budget strategy.

- 4.8 A separate fund, the "Transformation Fund", has been created to further support delivery of VFM projects. This fund, amounting to £150,000 recurrently with a further £100,000 added for 2008/09 has been allocated to directorates following submission of business cases. Funds are generally used to create additional capacity or bring in necessary expertise to support VFM implementation.
- 4.9 Achieving value for money is the responsibility of all directorates, however, there is a Value for Money Steering Group, chaired by the Director of Finance & Resources, that oversees the operation and management of value for money processes. The steering group is currently considering options for a phase 2 value for money programme that is likely to focus on a smaller number of council-wide initiatives together with addressing high costs in specific service areas.

5 USE OF RESOURCES ACTION PLAN 2008/09

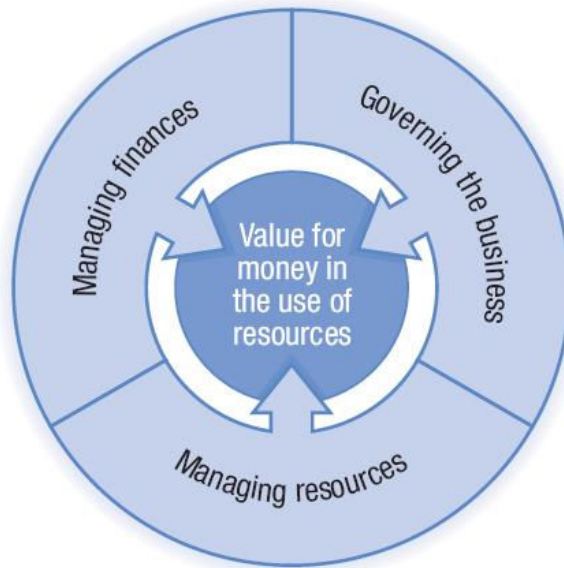
- 5.1 Appendix 1 details the actions taken during 2007/08 and actions planned or undertaken during 2008/09 to improve the council's arrangements for making the best use of its resources. The actions were identified in response to:
- i) Recommendations made by the external auditor in the Annual Audit & Inspection Letter (and Use of Resources report).
 - ii) Recommendations made, or any weaknesses highlighted, by the external auditor in the Annual Governance Report and Final Accounts Report (for Financial Reporting).
 - iii) Recommendations arising from internal audits conducted in accordance with the Internal Audit Plan.
 - iv) Internal reviews of performance and governance.
- 5.2 The actions identified concentrate on areas requiring further improvement or where the impact will be of most significance. Although these actions cannot guarantee improved CAA or Use of Resources assessment scores, they are designed to move the authority in the right direction. Note that actions are listed under CPA components rather than CAA themes. This is because the CAA themes were still under consultation when the original action plan was drawn up, however, the KLOE and themes under CAA remain substantially the same.

6 USE OF RESOURCES ASSESSMENT 2009 (for 2008/09 Financial Year)

- 6.1 From 2009 a new assessment framework, the Comprehensive Area Assessment (CAA), will come into force. As with CPA, this framework will also contain a separate use of resources assessment which will form part of the

CAA judgement and will also feed into other relevant performance assessment frameworks as appropriate.

- 6.2 The revised use of resources assessment is structured into three themes that focus on the importance of sound and strategic financial management, strategic commissioning and good governance, and the effective management of natural resources, assets and people. The three themes making up the overall judgement of value for money in the use of resources are illustrated below.



- 6.3 The revised assessment will continue to use key lines of enquiry (KLOE) which will underpin each of the 3 themes. However, the KLOE are more broadly based than previously and embrace wider resource issues such as people and workforce planning, and the use of natural resources. The KLOE focus more on value for money achievements, outputs and outcomes rather than on processes, and continue to focus at a more strategic level. The revised KLOE for each theme are set out in Appendix 2. The timetable for assessment is expected to be broadly the same as under CPA.

7 CONSULTATION

- 7.1 No specific consultation has been undertaken in preparing this report.

8 FINANCIAL & OTHER IMPLICATIONS

Financial Implications:

The use of resources assessment is of reputational importance to the council. A rating of 2 (out of 4) assures elected members, citizens, partners and other stakeholders that the council has adequate arrangements for the management and control of resources and for securing value for money in the use of its resources. A rating of 3 or better provides assurance that the council is consistently performing well in this respect, which can provide further

opportunities for partnership working and/or attracting external interest or funding.

Finance Officer consulted: Nigel Manvell

Date: 2 December 2008

Legal Implications:

There are no direct legal implications arising from this report.

Lawyer consulted: Oliver Dixon

Date: 3 December 2008

Equalities Implications:

8.1 There are no direct equalities implications arising from this report.

Sustainability Implications:

8.2 The Use of Resources assessment increasingly focuses on sustainability, in particular, looking for evidence of good medium term financial planning, whole life costing of business cases and projects, a reducing and well-monitored environmental footprint, improving use of natural and physical resources, etc. The council therefore needs to be able to evidence commitment and improvements in respect of these areas.

Crime and Disorder Implications:

8.3 There are no direct crime and disorder implications arising this report.

Risk and Opportunity Management Implications:

8.4 Effective management of risk is part of the Council's framework for securing the economy, efficiency and effectiveness in the use of resources.

Corporate / Citywide Implications:

8.5 The Council's framework for securing the economy, efficiency and effectiveness in the use of the resources is essential to deliver corporate and citywide objectives.

SUPPORTING DOCUMENTATION

Appendices:

- (1) Key Actions and Priorities for Improving Use of Resources
- (2) Use of Resources Assessment 2009 – Themes and Key Lines of Enquiry

Documents in Members' Rooms

None

Background Documents

- (1) Audit Commission Statement of responsibilities of auditors and of audited bodies.

Appendix 1

Key Actions and Priorities for Improving Use of Resources

| Use of Resources Component | 2007/08 Actions Completed | 2008/09 Planned Actions | Progress on 2008/09 Actions |
|--------------------------------|--|---|---|
| a) Financial reporting | <ul style="list-style-type: none"> Improved training and liaison with External Audit to ensure early identification and compliance with revised Statement of Recommended Practice (SORP 2008). | <ul style="list-style-type: none"> Additional capacity to be provided in Central Accountancy team to assist with, amongst other things, implementation of International Financial Reporting Standards. | <ul style="list-style-type: none"> Assistant Director Financial Services is leading a corporate project group for International Financial Reporting Standards. Head of Financial Services given greater overview role in closure of accounts including clear liaison role with external audit. New Principal Accountant post evaluated and will be advertised in January 2009. |
| b) Financial management | <ul style="list-style-type: none"> Post implementation review of the implementation of the new corporate Financial Information System completed. Financial Management Standards for managers developed and approved by TMT. Training and support provided | <ul style="list-style-type: none"> Targeted corporate training offer to be developed to support improved financial management skills. New intranet sites to be developed to provide accessible financial management training and guidance to managers. Revised Asset Management Plan | <ul style="list-style-type: none"> New corporate financial management training course ("Managing Budgets") now provided as part of the corporate training programme. Finance Intranet site is currently in testing and is due to go live in March 2009. New Asset Management Plan |

| Use of Resources Component | 2007/08 Actions Completed | 2008/09 Planned Actions | Progress on 2008/09 Actions |
|-----------------------------------|---|--|---|
| | <p>for new Finance Sub Committee which considered areas such as value for money, treasury management and financial performance.</p> | <p>and Corporate Procurement Strategy to be approved and implemented.</p> <ul style="list-style-type: none"> • Revised Corporate Plan and Medium Term Financial Strategy. • New Business Planning framework with stronger links to service and financial planning to be implemented in place of team planning. | <p>(AMP) and Corporate Procurement Strategy (CPS) 2008-11 have been developed incorporating best practice and the requirements of “key lines of enquiry” as set out in the Use of Resources assessment. AMP/CPS was approved by Cabinet on 16 October 2008 and reviewed by Overview & Scrutiny on 9 September 2008.</p> <ul style="list-style-type: none"> • The new business planning framework has now been implemented. The new business plans include 3-year financial plans and workforce development plans. A new Managers Handbook has also been produced to accompany the framework. |
| c) Financial Standing | <ul style="list-style-type: none"> • Targeted Budget Management reporting framework revised to include capital and revenue in Directorate and TMT reports. | <ul style="list-style-type: none"> • Further debt management improvements to be identified and implemented by an Income Project Officer (funded via the | <ul style="list-style-type: none"> • Appointment of a corporate Income Project Office has been delayed due to staffing changes in the Corporate Debtors Teams |

| Use of Resources Component | 2007/08 Actions Completed | 2008/09 Planned Actions | Progress on 2008/09 Actions |
|----------------------------|--|--|--|
| | <ul style="list-style-type: none"> • Annual review of levels of reserves and balances undertaken as part of the budget setting process. • Updates to Annual Investment Strategy and Treasury Management Policy Statement. • Continued implementation of Debt Management Group action plan including review of write-off of debt, new quarterly reports, and implementation of best practice service benchmarks. • Merger of Revenues & Benefits and Adult Social Care and Corporate Debtors completed. | <p>Transformation Fund). Areas will include:</p> <ul style="list-style-type: none"> - Corporate debt recovery training standard; - Improved data sharing and debtor tracing; - Case conferencing for multiple debts; - Review of best practice authorities. <ul style="list-style-type: none"> • Consider increased capacity in Revenues & Benefits to improve Council Tax collection and Housing Benefit overpayment recovery. | <p>and Revenues & Benefits which have meant that there has been no capacity for secondment of officer time. However, an appointment has now been made on a part-time basis and work will start in January 2009.</p> <ul style="list-style-type: none"> • Quarterly reports including aged debt profiles, collection performance, direct debit performance and write off information presented to TMT and Cabinet Member Finance meetings. • Integration of Central Debtors Unit with the Banking Team has been undertaken to enable improved processes and continued performance improvements on Sundry and Adult Social Care debt. • Increased capacity for Revenues & Benefits is being considered as part of budget proposals. |

| Use of Resources Component | 2007/08 Actions Completed | 2008/09 Planned Actions | Progress on 2008/09 Actions |
|-----------------------------------|---|--|--|
| <p>d) Internal Control</p> | <ul style="list-style-type: none"> Continued implementation of the Financial Management Model in schools (FMSiS). Support and awareness training provided on the requirements and self-assessment by secondary and primary schools, external assessment and providing assurance for certification by the S151 officer. 50% of schools have now passed. Implemented requirements of the revised CIPFA/SOLACE Corporate Governance Framework including updating Local Code of Corporate Governance and development of a new Annual Governance Statement which replaced the Statement of Internal Control (SIC). | <ul style="list-style-type: none"> Further training of members in risk management to be provided. New Audit Committee to be set up. Continued support to FMSiS (Financial Management Standard in Schools) programme. Implement actions from the Annual Governance Statement Update the Anti Fraud Strategy to meet the requirements of the Government's Fraud Review. | <ul style="list-style-type: none"> 8/10 of the Audit Committee members received risk management training prior to 30 September 2008. Members of the Cabinet also received Risk Management training on 17 September 2008. A fully constituted Audit Committee came into being on 9 May 2008. Financial Management Standards in Schools (FMSiS) – for 2008/09 external assessments are planned for quarter 4. Annual Governance Statement – report to December Audit Committee and Officer's Governance Board on position of actions. AGS actions are 38% complete to date. Anti-fraud – an update to the Counter Fraud Strategy is planned for January 2009. |

| Use of Resources Component | 2007/08 Actions Completed | 2008/09 Planned Actions | Progress on 2008/09 Actions |
|-----------------------------------|--|---|---|
| <p>e) Value for Money</p> | <ul style="list-style-type: none"> • Development and implementation of a council-wide value for money improvement programme. • Expert advisers (PwC) engaged to assist the council in building internal capacity to support ongoing value for money reviews. | <ul style="list-style-type: none"> • Complete phase I value for money reviews and monitor progress via VFM Steering Group. • Develop phase II approach. | <ul style="list-style-type: none"> • The VFM Steering Group, chaired by the Director of Finance & Resources, has met monthly to oversee phase 1 VFM programme progress. Phase 1 is now complete and all reviews and associated action plans have now been reported to TMT and/or Cabinet Member Meetings except Environment which is due to report in due course. • A phase II approach has been developed by the VFM Steering Group and a report with options and recommendations will be considered by The Management Team (TMT) on 10 December 2008. |

COMPREHENSIVE AREA ASSESSMENT (CAA)**Use of Resources Assessment 2009 – Themes and Key Lines of Enquiry (KLOE)**

| |
|---|
| Managing finances |
| <i>How effectively does the organisation manage its finances to deliver value for money?</i> |
| 1.1 Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health? |
| 1.2 Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities? |
| 1.3 Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people? |
| Governing the business |
| <i>How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?</i> |
| 2.1 Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money? |
| 2.2 Does the organisation produce relevant and reliable data and information to support decision making and manage performance? |
| 2.3 Does the organisation promote and demonstrate the principles and values of good governance? |
| 2.4 Does the organisation manage its risks and maintain a sound system of internal control? |
| Managing resources |
| <i>How well does the organisation manage its natural resources, physical assets, and people to meet current and future needs and deliver value for money?</i> |
| 3.1 Is the organisation making effective use of natural resources? |
| 3.2 Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs? |
| 3.3 Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities? |

**EXTRACT FROM THE PROCEEDINGS OF CABINET HELD ON THE 20
NOVEMBER 2008**

| | | | |
|-------------------------|--|---|---------------------|
| Subject: | Targeted Budget Management (TBM) Month 6 | | |
| Date of Meeting: | 16 December 2008 | | |
| Report of: | Interim Director of Finance and Resources | | |
| Contact Officer: | Name: | Nigel Manvell | Tel: 29-3104 |
| | E-mail: | nigel.manvell@brighton-hove.gov.uk | |
| Key Decision: | Yes | Forward Plan No. CAB2884 | |
| Wards Affected: | All | | |

FOR GENERAL RELEASE**BRIGHTON & HOVE CITY COUNCIL****CABINET****4.00pm 20 NOVEMBER 2008****COUNCIL CHAMBER, HOVE TOWN HALL****MINUTES**

Present: Councillors Mears (Chairman), Mrs Brown, Caulfield, Fallon-Khan, Kemble, K Norman, Simson, Smith, G Theobald and Young

Also in attendance: Councillor Mitchell

Other Members present: Councillors Mrs Cobb, Elgood, Oxley, Taylor and West

112 TARGETED BUDGET MANAGEMENT (TBM) MONTH 6

112.1 The Cabinet considered a report of the Interim Director of Finance and Resources that set out the forecast outturn position on the revenue and capital budgets as at the end of September 2008 (month 6). (for copy see minute book).

112.2 Councillor Mitchell congratulated the Finance Team on their skilful treasury management. She asked if Councillor Young might provide her with information regarding the status of the 108 clients noted in paragraph 3.9 of the report.

112.3 Councillor Young offered a written response.

112.4 Councillor Mitchell asked if agreement had been reached with the NHS Trust in regard to the shared risk in relation to NHS Trust managed Section 75 Services. Councillor Young noted that discussions were ongoing.

112.5 Councillor Norman added that the Section 75 discussions with the Primary Care Trust were drawing to a conclusion.

112.6 **RESOLVED** - That having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:

(1) That forecast outturn for the General Fund, Section 75 Partnerships and Housing Revenue Account (HRA) for 2008/09 as at month 6, be noted.

(2) That release of £0.142 million from Local Authority Business Growth Incentive (LABGI) in respect of projects to support local employment and businesses to be determined by the Cabinet be agreed.

(3) That it be noted that the Primary Care Trust, as the Lead Commissioners of Mental Health Services, are continuing to work with Sussex Partnership Trust, as providers, to address current overspending, financial recovery plans, current Value for Money concerns in respect of the Dementia Care at Home service, and ensure ongoing funding issues and the potential shared financial risks to the council are resolved.

(4) That the forecast outturn position on the capital budgets as at month 6 be noted.

(5) That following changes to the capital programme be approved.

Budget re-profiles (Appendix 5)

Budget variations (Appendix 6)

New schemes (Appendix 7)

| | | | |
|-------------------------|--|------------------------------------|---------------------|
| Subject: | Targeted Budget Management (TBM) Month 6 | | |
| Date of Meeting: | 20 November 2008 | | |
| Report of: | Interim Director of Finance & Resources | | |
| Contact Officer: | Name: | Nigel Manvell | Tel: 29-3104 |
| | E-mail: | nigel.manvell@brighton-hove.gov.uk | |
| Key Decision: | Yes | Forward Plan No. CAB2884 | |
| Wards Affected: | All | | |

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report sets out the forecast outturn position on the revenue and capital budgets as at the end of September 2008 (month 6).
- 1.2 The council is delivering services within budget and has taken the appropriate measures to manage in-year pressures, including significant unavoidable pressures on the council tax collection fund and adult social care budgets. This reflects the council's effective monitoring and control of financial performance and the measures it has taken to ensure better use of public funds, including achieving ambitious efficiency savings of over £5 million and the implementation of council-wide value for money reviews.

2. RECOMMENDATIONS:

- (1) That the Cabinet note the forecast outturn for the General Fund, Section 75 Partnerships and Housing Revenue Account (HRA) for 2008/09 as at month 6.
- (2) That the Cabinet agree the release of £0.142 million from Local Authority Business Growth Incentive (LABGI) in respect of projects to support local employment and businesses to be determined by the Cabinet.
- (3) That the Cabinet note that the Primary Care Trust, as the Lead Commissioners of Mental Health Services, are continuing to work with Sussex Partnership Trust, as providers, to address current overspending, financial recovery plans, current Value for Money concerns in respect of the Dementia Care at Home service, and ensure ongoing funding issues and the potential shared financial risks to the council are resolved.
- (4) That the Cabinet note the forecast outturn position on the capital budgets as at month 6.
- (5) That the Cabinet approve the following changes to the capital programme:
 - (a) Budget reprofiles (Appendix 5)
 - (b) Budget variations (Appendix 6)
 - (c) New schemes (Appendix 7)

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The table below shows the forecast outturn position for council controlled budgets within the general fund, including directorates and centrally managed budgets and the outturn on NHS managed S75 Partnership Services.

The position at Month 6 shows that the council is managing within its available resources despite significant in-year pressures relating to the council tax collection fund and Adult Social Care placements. A number of directorate budgets are also under pressure but the forecast position has improved by £0.565 million since month 4, reflecting recovery actions taken to date. Overall, the position continues to be supported by improvements on Centrally Managed Budgets including savings on Insurance Contracts, lower than expected costs of the concessionary fares scheme, and good investment performance on the council's cash balances. More detailed explanation of the variances below can be found in Appendix 1.

| Forecast Variance Month 4 £'000 | Directorate | 2008/09 Budget Month 6 £'000 | Forecast Outturn Month 6 £'000 | Forecast Variance Month 6 £'000 | Forecast Variance Month 6 % |
|--|----------------------------------|---------------------------------------|---|--|--------------------------------------|
| 1,057 | Adult Social Care & Housing | 42,909 | 43,441 | 532 | 1.2% |
| 163 | S75 Learning Disability Services | 22,738 | 22,903 | 165 | 0.7% |
| 401 | Children & Young People's Trust | 52,581 | 52,613 | 32 | 0.1% |
| (99) | Finance & Resources | 16,665 | 16,665 | - | 0.0% |
| | - Strategy & Governance | 10,706 | 10,694 | (12) | -0.1% |
| (2) | Environment | 39,086 | 39,262 | 176 | 0.5% |
| 107 | Cultural Services | 13,418 | 13,587 | 169 | 1.3% |
| 1,627 | Sub Total | 198,103 | 199,165 | 1,062 | 0.5% |
| 1,460 | Collection Fund | - | 1,460 | 1,460 | 0.0% |
| (2,682) | Centrally Managed Budgets | 8,659 | 5,469 | (3,190) | -36.8% |
| 405 | Total Council Controlled Budgets | 206,762 | 206,094 | (668) | -0.3% |
| 313 | NHS Trust managed S75 Services | 13,481 | 14,125 | 644 | 4.8% |
| 718 | Total Overall Position | 220,243 | 220,219 | (24) | 0.0% |

- 3.2 The Total Council Controlled Budgets line in the above table represents the total current forecast in respect of the council's General Fund. This includes all directorate budgets, centrally managed budgets and council-managed Section 75 services. The NHS Trust-managed Section 75 Services line represents those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Trust and South Downs Health Trust and include health and social care services for Adult Mental Health, Older People Mental Health, Substance Misuse, AIDS/HIV, Intermediate Care and Community Equipment. The financial risk for these services generally lies with the relevant provider Trust but where overspending is due to commissioning changes (e.g. increased demand) there may be a shared risk to the council as joint commissioner. The forecast outturn on the HRA is as follows:

| Forecast Variance Month 4 £'000 | 2008/09 Budget Month 6 £'000 | Forecast Outturn Month 6 £'000 | Forecast Variance Month 6 £'000 | Forecast Variance Month 6 % |
|--|---------------------------------------|---|--|--------------------------------------|
| Housing Revenue Account | | | | |
| (186) Expenditure | 46,941 | 46,867 | (74) | -0.2% |
| 186 Income | (46,691) | (46,957) | (266) | -0.6% |
| - Total | 250 | (90) | (340) | -136.0% |

Corporate Critical Budgets

- 3.3 Targeted Budget Management (TBM) is based on the principles that effective financial monitoring of all budgets is important. However, there are a small number of budgets with the potential to have a material impact on the council's overall financial position. These are significant budgets where demand or activity is difficult to predict with certainty and where relatively small changes in demand can have significant financial implications for the council's budget strategy. These therefore undergo more frequent, timely and detailed analysis. Set out below is the forecast outturn position on the corporate critical budgets.

| Forecast Variance Month 4 £'000 | 2008/09 Budget Month 6 £'000 | Forecast Outturn Month 6 £'000 | Forecast Variance Month 6 £'000 | Forecast Variance Month 6 % |
|--|---------------------------------------|---|--|--------------------------------------|
| Corporate Critical | | | | |
| 35 Child Agency & In House | 21,912 | 21,631 | (281) | -1.3% |
| (43) Sustainable Transport | (556) | (396) | 160 | 28.8% |
| (560) Housing Benefits | 154,396 | 153,836 | (560) | -0.4% |
| 400 Land Charges Income | (957) | (357) | 600 | 62.7% |
| (1,820) Concessionary Fares | 9,158 | 7,338 | (1,820) | -19.9% |
| 931 Community Care | 21,121 | 21,994 | 873 | 4.1% |
| 163 Section 75 Learning Disabilities | 21,703 | 21,868 | 165 | 0.8% |
| 1,460 Collection Fund | - | 1,460 | 1,460 | 0.0% |
| 566 Total Council Controlled | 226,777 | 227,374 | 597 | 0.3% |
| 226 S75 NHS & Community Care | 12,537 | 12,712 | 175 | 1.4% |
| 792 Total Corporate Criticals | 239,314 | 240,086 | 772 | 0.3% |

- 3.4 The key activity data for each of the corporate critical budgets is detailed in Appendix 2. Note that the analysis in Appendix 2 will not always match exactly the outturn variances shown in the table above, due to a number of different elements that can affect the outturn. The Appendix is designed to highlight the key underlying activity data that is having the most significant effect on the forecast. Narrative explanations

regarding the projections are contained within the individual directorate forecasts contained in Appendix 1.

- 3.5 There has been a further allocation of LABGI funds relating to 2007/08 of £0.142 million. It is proposed to allocate these funds to measures in support of local businesses and employment opportunities. The projects will be determined by Cabinet.

Efficiency Savings

- 3.6 The Comprehensive Spending Review 2007 assumes that, nationally, local authorities will deliver 3% cash releasing gains year-on-year. Progress made by authorities will be reported via the new National Indicator NI 179 – ‘Value for Money: total net value of ongoing cash-releasing gains that have impacted since the start of the 2008/09 financial year’. The national requirement to produce 3% cash releasing gains is reflected in the Medium Term Financial Strategy approved by Cabinet in June. Appendix 3 to this report summarises the efficiency savings agreed as part of the 2008/09 budget process and current progress against their achievement. Variances to the agreed efficiencies are included in the directorate forecasts.

Pay Award

- 3.7 The employers’ representatives and unions on the National Joint Council have failed to reach an agreement on this year’s pay increases and it has now been agreed to go to arbitration on the decision. Given that the pay award is now overdue and the arbitration process is likely to take time, the two sides of the NJC have agreed that an increase of 2.45% as set out in the employers’ final offer will be paid to staff now. This will be backdated to 1 April 2008. The budget for 2008/09 included an allowance in service budgets of 2.2% for the pay award. However, in addition a provision of £1.7 million had been set aside in contingency as cover in case the pay award is higher than anticipated and to meet any additional pay costs arising from single status. The contingency is sufficient to cover the 2.45% pay award requiring £0.322 million use of contingency.

Impact on the Medium Term Financial Strategy (MTFS)

- 3.8 The MTFS assumes a breakeven outturn position for 2008/09 on general fund budgets, the current forecast is an underspend of £0.668 million. However, directorates still face significant financial challenges as directorate budgets are still forecasting an overspend in excess of £1 million after the implementation of the financial recovery plans agreed at September. If directorates cannot reduce the pressures going into 2009/10 they will need to be incorporated into service budget strategies and services will need to manage them within their cash limits. There is also a potential shared commissioning risk on NHS managed Section 75 partnership services.

- 3.9 The most significant in-year service pressure relates to physical disability services of £0.738 million, which is experiencing continued growth in client numbers. There are an additional 108 clients over the number budgeted for, with home care services experiencing an increase of 106 clients forecast to cost £0.693 million. The full year effects of the current recovery measures will go some way to helping the situation next year, however, containing the pressure within the cash limit budget will be a challenge which will need to be considered in detail as part of the 2009/10 budget proposals.
- 3.10 Further work is being undertaken on the projections of the taxbase for 2009/10 onwards but based on current information, the expected reduction in council tax resources available to the council in 2009/10 caused by the projected fall in the taxbase can be offset by the ongoing projected reduction in concessionary fares spending.

Capital Budget 2008/09

- 3.11 This part of the report gives Members details of the capital programme budget position for 2008/09.
- 3.12 On 28 February 2008, Budget Council considered a capital investment programme report for the financial year 2008/09 and agreed a capital investment programme of £54.799 million. Some of this expenditure related to schemes already live, while some schemes have been approved in detail since that meeting and others are yet to have detailed reports presented to Members for approval.
- 3.13 The following table shows the currently approved capital budget.

| | 2008/09 |
|---|---------------|
| Capital Budget 2008/09 | Budget |
| | £'000 |
| Slippage brought forward from 2007/08 (approved 12 June 2008) | 1,407 |
| Capital Investment Programme (approved at Budget Council) | 54,799 |
| Changes to the Capital Budget since approved | (1,200) |
| Total Capital Budget 2008-09 as at month 6 | 55,006 |

- 3.14 Where schemes are forecast to exceed their budget, budget holders must identify additional resources to finance the shortfall. Forecast overspends of greater than £0.050 million or 10% of the original budget are required to be reported back to Members, either in detailed reports or through this capital monitoring report. Scheme delays or 'slippage' are also monitored in an effort to ensure schemes are delivered not only on budget, but also on time. Where a scheme is forecast to slip by £0.050 million or more, the budget holder will report back to Members on the amount and the impact of the delay on service delivery.

Capital Forecast Outturn

- 3.15 A summary of the forecast capital outturn can be found in Appendix 4. A number of changes are proposed to the capital programme as follows: three budget reprofile requests are proposed and summarised in Appendix 5; variation requests to the capital budgets are contained in Appendix 6 and; new capital schemes recommended for approval are listed in Appendix 7. A summary of the proposed changes are shown in the table below.

| Directorate | 2008/09 Budget £'000 | New Schemes £'000 | Budget Variations £'000 | Reprofile Budget £'000 | Amended Budget £'000 | Forecast Outturn £'000 |
|----------------------------------|----------------------------|-------------------------|-------------------------------|------------------------------|----------------------------|------------------------------|
| Cultural Services | 1,605 | 112 | | | 1,717 | 1,717 |
| Strategy & Governance | 910 | | | | 910 | 910 |
| Finance & Resources | 7,177 | (30) | | (45) | 7,102 | 7,102 |
| Adult Social Care & Housing | 4,216 | 2,976 | | (100) | 7,092 | 7,092 |
| Housing Revenue Account (HRA) | 17,089 | 100 | | (3,023) | 14,166 | 14,166 |
| Children & Young Peoples' Trust | 10,588 | (21) | | (1,680) | 8,887 | 8,887 |
| Environment | 13,421 | 363 | 280 | | 14,064 | 14,064 |
| Total | 55,006 | 3,500 | 280 | (4,848) | 53,938 | 53,938 |

- 3.16 The proposed budget changes would leave the capital budget fully funded.

Capital Slippage

- 3.17 At this stage in the year no slippage is anticipated by programme managers as budgets have been reprofiled to take into account expected spend in year.

Prudential indicator for capital expenditure

- 3.18 Each year, the council sets a number of prudential indicators that show its capital investment plans are affordable and that borrowing levels are sustainable and prudent. For 2008/09, these were set by the council on 28 February 2008. One of these indicators is 'capital expenditure' and in February the council set this at £54.799 million for 2008/09. This indicator helps us to demonstrate that our capital expenditure plans are affordable.
- 3.19 The Capital Investment Programme report, also approved in February, demonstrated how it was fully funded and affordable. The revenue effects of this programme were fully considered as part of the revenue budget setting process. This report advises Members that the latest forecast of capital expenditure is not expected to exceed the capital expenditure indicator

Capital Receipts

- 3.20 Capital receipts are used to support the capital programme. For 2008/09 the programme is fully funded and does not rely upon certain capital receipts being generated. However, any changes to the level of receipts during the year will impact on future years' capital programmes. Capital receipts (excluding housing) were estimated to be £2.6 million. Currently, £1.7 million has been received including the final balance on Royal York Building, the sale of 12 St. Georges Place and the sale of 24 Windlesham Road. This leaves £0.9 million of receipts to be achieved during the rest of the financial year. Assets are actively being marketed to achieve the level of receipts budgeted for.
- 3.21 The level of sales of council homes through right to buy has been severely affected by the current market conditions in house prices generally and the higher cost and availability of mortgages in the current economic climate. Current regulations mean that the Government receive 75% of the proceeds of right to buy sales; whilst the remaining 25% is available to support the council's capital programme. Budget Council previously agreed that the first £0.5m receipts from RTB sales would be used to finance support for major projects with the remainder being available to support investment in housing. The estimated useable receipts were £1 million for this financial year, however, on current projections this is now forecast to reduce to between £0.25 million and £0.40 million. The reduction in receipts may impact on the level of investment in future years for corporate funds such as the Strategic Investment Fund, Asset Management Fund and/or ICT Fund. If there are no other compensating receipts generated and the current trend for right to buy sales continues the capital strategy will need to be reviewed as a consequence.

Comments by the Director of Finance & Resources

- 3.22 The forecast outturn position on the revenue budget shows a significant improvement since month 4, however, despite the implementation of financial recovery plans directorate budgets are still forecasting an overspend in excess of £1 million. Additional measures need to be taken by overspending directorates to achieve a break even position as described in Appendix 1.
- 3.23 Discussions are ongoing between commissioners and provider NHS Trusts to ensure that effective financial recovery plans are in place within NHS-managed S75 partnership services for the year.

4. CONSULTATION

- 4.1 No specific consultation was undertaken in relation to this report.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The financial implications are covered in the main body of the report.

Legal Implications:

- 5.2 In reaching its decisions in relation to its budget, the Council needs to have regard to a number of general points. It must provide the services, which, statutorily, it is obliged to provide. Where there is power to provide services, rather than a duty, it has a discretion to provide such services. It must observe its other legal duties, such as the duty to achieve best value and comply with the Human Rights Act 1998. It must act in accordance with its general fiduciary duties to its Council Tax payers to act with financial prudence. Finally, it must bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts.

Lawyer consulted: Oliver Dixon

Date: 5 November 2008

Equalities Implications:

- 5.3 There are no direct equalities implications arising from this report.

Sustainability Implications:

- 5.4 There are no direct sustainability implications arising from this report.

Crime & Disorder Implications:

- 5.5 There are no direct crime & disorder implications arising from this report

Risk & Opportunity Management Implications:

- 5.6 The council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a working balance of £9 million to mitigate these risks as recommended by the Audit Commission and Chartered Institute of Public Finance & Accountancy (CIPFA). The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments.

Corporate / Citywide Implications:

- 5.7 The Council's financial position impacts on levels of Council Tax and service levels and therefore has citywide implications.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The forecast outturn position on council controlled budgets is an underspend of £0.668 million, any underspend will be added to unallocated general reserves unless approval is given to allocate funds to specific reserves or contingencies.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 Budget monitoring is a key element of good financial management, which is necessary in order for the council to maintain financial stability and operate effectively.
- 7.2 The capital budget changes are necessary to maintain effective financial management.

SUPPORTING DOCUMENTATION

Appendices:

1. Directorate Revenue Outturn Forecasts
2. Corporate Critical Budgets Activity Data
3. Progress Against the Achievement of the 2008/09 Efficiency Savings
4. Capital Outturn Summary
5. Proposed Capital Budget Reprofile Requests
6. Proposed Capital Budget Variations
7. New Capital Scheme Requests

Documents in Members' Rooms

1. None.

Background Documents

1. None.

Adult Social Care & Housing

| Forecast Variance Division Month 4 £'000 | 2008/09 Budget Month 6 £'000 | Forecast Outturn Month 6 £'000 | Forecast Variance Month 6 £'000 | Forecast Variance Month 6 % |
|--|---------------------------------------|---|--|--------------------------------------|
| - Housing Strategy | 4,806 | 4,806 | - | 0.0% |
| 1,057 Adult Social Care | 38,103 | 38,635 | 532 | 1.4% |
| 1,057 Total | 42,909 | 43,441 | 532 | 1.2% |

Explanation of Key Variances

Adult Social Care is forecasting an overspend of £0.532 million, an improvement of £0.525 million since month 4 mainly as a result of actions contained within the financial recovery plan reported as part of TBM 4. The corporate critical community care budget is forecasting an overspend of £0.873 million, an improvement on month 4. Significant demand increases are still being experienced across Older People and Physical Disability Services.

Older People Services are forecasting an overspend of £0.135 million, due to 106 additional clients. The average unit cost has improved due to a shift in the balance of clients from long term nursing and residential care to home care.

The Physical Disability Services forecast overspend is £0.738 million. In total there are an additional 108 clients over the number budgeted for, with home care services experiencing an increase in clients 39% above the budgeted level. This has been partly offset by a reduction in the average unit cost, which is on average £26 per week per client lower than budgeted.

The overspend on the corporate critical budgets is partly offset by £0.200 million of grant funding being used on Older People – Mainstream Services. A saving is also forecast on Service Strategy & Regulation of £0.201 million, due in the main to a reduction in the forecast spend on jointly funded staff.

Close monitoring of placement budgets will continue and further potential savings and/or alternative use of external funding are being explored to continue to improve the budget position.

Children & Young People's Trust

| Forecast Variance Division Month 4 £'000 | 2008/09 Budget Month 6 £'000 | Forecast Outturn Month 6 £'000 | Forecast Variance Month 6 £'000 | Forecast Variance Month 6 % |
|---|---------------------------------------|---|--|--------------------------------------|
| 501 East, Early Years & NHS Comm Servs | 10,431 | 10,899 | 468 | 4.5% |
| 225 Central Area & School Support | (8,283) | (7,932) | 351 | 4.2% |
| - Learning & Schools | 9,161 | 9,161 | - | 0.0% |
| (73) West Area & Youth Support | 8,880 | 8,725 | (155) | -1.7% |
| (252) Specialist Services | 31,248 | 30,688 | (560) | -1.8% |
| - Quality & Performance | 1,144 | 1,124 | (20) | -1.7% |
| - Vacancy Management | - | (52) | (52) | 0.0% |
| 401 Total | 52,581 | 52,613 | 32 | 0.1% |

Explanation of Key Variances

The corporate critical budget of Child Agency Placements and In House Placements is forecasting an underspend of £0.281 million. The main variances are due to an overspend on Leaving Care Accommodation ¹ of £0.244 million being offset by underspends on Residential Agency placements² of £0.379 million and In-house placements³ of £0.358 million.

The underspend on the corporate critical budget is offset by overspends across the directorate, the main ones being; preventative payments to homeless families of £0.195 million and home to school transport of £0.080 million.

A small forecast overspend remains which the directorate will continue to keep under review and identify further opportunities for achieving financial balance. However, there are notable risks to the current forecast and a small number of new placements can have significant impacts on the forecast.

¹ Forecast FTE placements of 39 against a budget of 25 and a weekly unit cost £67 below budget

² Forecast FTE placements of 38 which is 3 less than budgeted for and a weekly unit cost £19 below budget

³ Forecast FTE placements 6 above the budgeted level but the weekly unit cost is £25 below

Finance & Resources

| Forecast Variance Division Month 4 £'000 | 2008/09 Budget Month 6 £'000 | Forecast Outturn Month 6 £'000 | Forecast Variance Month 6 £'000 | Forecast Variance Month 6 % |
|--|---------------------------------------|---|--|--------------------------------------|
| (8) Finance | 6,055 | 5,989 | (66) | -1.1% |
| - ICT | 5,428 | 5,407 | (21) | -0.4% |
| (99) Customer Services | 3,403 | 3,482 | 79 | 2.3% |
| 8 Property & Design | 1,779 | 1,787 | 8 | 0.4% |
| (99) Total | 16,665 | 16,665 | - | 0.0% |

Explanation of Key Variances

Finance is forecasting an underspend of £0.066 million due to vacancy management savings.

Customer Services is forecasting an overspend of £0.079 million as follows:

- The corporate critical housing benefits budget is forecasting an underspend of £0.560 million due to local authority errors being contained below the lower threshold which generates additional subsidy and increased overpayment recovery on non council housing rent rebates.
- The Land Charges income budget is also a corporate critical budget and is forecasting a £0.600 million shortfall, which is an increase of £0.200 million since month 4. The continuing downturn in the housing market is reducing the overall number of searches undertaken and there is also a continuing increase in the proportion of searches being undertaken as personal searches for which the council receives a much lower fee. This situation will need to be considered in respect of the impact on the 2009/10 budget.

Strategy & Governance

| Forecast Variance Division Month 4 £'000 | 2008/09 Budget Month 6 £'000 | Forecast Outturn Month 6 £'000 | Forecast Variance Month 6 £'000 | Forecast Variance Month 6 % |
|--|---------------------------------------|---|--|--------------------------------------|
| - Improvement & Organ Devel | 1,662 | 1,662 | - | 0.0% |
| - Legal & Democratic Services | 3,609 | 3,607 | (2) | -0.1% |
| - Policy Unit | 840 | 840 | - | 0.0% |
| - Human Resources | 3,614 | 3,608 | (6) | -0.2% |
| - Executive Office | 394 | 392 | (2) | -0.5% |
| - Communications | 587 | 585 | (2) | -0.3% |
| - Total | 10,706 | 10,694 | (12) | -0.1% |

Explanation of Key Variances

The directorate is funding all in year service pressures through efficiency savings.

Environment

| Forecast Variance Month 4 Division £'000 | 2008/09 Budget Month 6 £'000 | Forecast Outturn Month 6 £'000 | Forecast Variance Month 6 £'000 | Forecast Variance Month 6 % |
|--|---------------------------------------|---|--|--------------------------------------|
| (200) City Services | 30,134 | 29,934 | (200) | -0.7% |
| 80 Sport & Leisure | 1,662 | 1,760 | 98 | 5.9% |
| (43) Sustainable Transport | (556) | (396) | 160 | 28.8% |
| 3 Public Safety | 5,758 | 5,718 | (40) | -0.7% |
| 158 City Planning | 2,088 | 2,246 | 158 | 7.6% |
| (2) Total | 39,086 | 39,262 | 176 | 0.5% |

Explanation of Key Variances

City Services is forecasting an underspend of £0.200 million due to a reduction in vehicle costs and a part year saving on the Park Ranger posts that have recently been recruited.

Sport & Leisure Services are forecasting an overspend due to income shortfalls on Golf Courses and King Alfred, and utility costs pressure at the King Alfred Leisure Centre - partly offset by vacancy management savings.

The total forecast for Sustainable Transport is an overspend of £0.160 million, a deterioration of £0.203 million since month 4 made up as follows:

- Penalty charge income is forecast to be £0.285 million below budget. The shortfall is due in the main to the average income per penalty being below that assumed. The changes introduced by the Traffic Management Act made it very difficult to accurately predict what the average figure would be due to the tiered structured of the penalties. This is partly offset by a reduction in the bad debt provision.
- Income from all on-street and off-street parking and permit income is forecast to exceed budget by £0.226 million.
- Other expenditure is forecast to exceed budget by £0.211 million. The main variance is an overspend on energy costs of £0.188 million following the contract relet for street lighting and traffic signals.

The main movement since month 4 is due to the energy contract relet, which has taken place in the recent weeks.

City Planning is forecasting an overspend due to loss of Planning Delivery Grant. The settlement was confirmed in August and is £0.250 million lower than expected. Measures have been taken to contain the pressure to £0.125 million in the current year.

Development Control is also forecasting an overspend of £0.033 million.

The directorate will continue to apply financial management processes (e.g. vacancy management) to ensure that spending is tightly controlled and can contribute to achieving financial balance.

Cultural Services

| Forecast Variance Division Month 4 £'000 | 2008/09 Budget Month 6 £'000 | Forecast Outturn Month 6 £'000 | Forecast Variance Month 6 £'000 | Forecast Variance Month 6 % |
|--|---------------------------------------|---|--|--------------------------------------|
| (13) City Marketing | 1,833 | 1,824 | (9) | -0.5% |
| 41 Libraries | 4,074 | 4,115 | 41 | 1.0% |
| 71 Museums | 2,174 | 2,320 | 146 | 6.7% |
| - Arts & Creative Industries | 1,615 | 1,615 | - | 0.0% |
| 8 Economic Devlpmnt & Regen | 3,547 | 3,538 | (9) | -0.3% |
| - Major Projects & Venues | 175 | 175 | - | 0.0% |
| 107 Total | 13,418 | 13,587 | 169 | 1.3% |

Explanation of Key Variances

The forecast overspend in the Museums Service relates to a shortfall against income targets on admissions, retail and functions and an overspend on energy costs. The overspend is being partly offset by vacancy management and other savings. These measures will continue to be applied for the remainder of the year to attempt to offset cost pressures.

Centrally Managed Budgets

| Forecast Variance Division Month 4 £'000 | 2008/09 Budget Month 6 £'000 | Forecast Outturn Month 6 £'000 | Forecast Variance Month 6 £'000 | Forecast Variance Month 6 % |
|--|---------------------------------------|---|--|--------------------------------------|
| (302) Bulk Insurance Premia | 2,481 | 2,131 | (350) | -14.1% |
| (1,820) Concessionary Fares | 9,158 | 7,338 | (1,820) | -19.9% |
| (560) Capital Financing Costs | 7,929 | 7,129 | (800) | -10.1% |
| - Levies & Precepts | 192 | 192 | - | 0.0% |
| - Other Corporate Items | (11,101) | (11,321) | (220) | 2.0% |
| (2,682) Total | 8,659 | 5,469 | (3,190) | -36.8% |

Explanation of Key Variances

The bulk insurance premia underspend is due in the main to a saving on the renewal of the insurance contract. The underspend has improved since month 4 as there have been fewer insurance claim payments made than anticipated during the summer.

The concessionary fares underspend is due to a successful legal challenge against the reimbursement rate originally set by the Department for Transport and a lower than expected rise in the number of concessionary fare trips.

The Capital Financing Costs projection is an underspend of £0.800 million, an increase of £0.240 million on the reported figure at month 4. The main reason for the improved underspend is higher investment income driven by higher cash flow balances and interest rates not falling as quickly as projected.

Other Corporate Items are forecast to underspend by £0.220 million. This is a combination of a one-off contingency for energy costs in 2008-09 and recurrent funding set aside for the closure of Carlton Hill car park as part of the Circus Street development which will also not be required in this financial year.

Section 75 Partnerships

| Forecast Variance | Division | 2008/09 Budget Month 6 £'000 | Forecast Outturn Month 6 £'000 | Forecast Variance Month 6 £'000 | Forecast Variance Month 6 % |
|----------------------|-----------------------------|---------------------------------------|---|--|--------------------------------------|
| 163 | Council managed S75 Servs | 22,738 | 22,903 | 165 | 0.7% |
| 313 | NHS Trust managed S75 Servs | 13,481 | 14,125 | 644 | 4.8% |
| 476 | Total S75 | 36,219 | 37,028 | 809 | 2.2% |

Explanation of Key Variances

Council managed S75 services (Learning Disability Services) are forecasting an overspend of £0.165 million. There is a pressure of £0.064 million on the community care budget and £0.101 million on in-house services due to staffing pressures and income shortfall on housing benefit/supporting people. Opportunities for further savings with the financial recovery plan continue to be explored together with continuing reviews, with the PCT, of sources of funding for placements.

NHS Trust managed S75 Services are forecasting an overspend of £0.644 million, due to two areas:

- Sussex Partnership Trust (SPT) – Mental Health & Substance Misuse are forecasting an overspend of £0.620 million, an increase of £0.462 million since month 4. The PCT have advised that all of the SPT 2007/08 carry forward of £0.799 million is required to pump prime health initiatives including the Access to Psychological Therapies health initiative. SPT is developing a financial recovery plan but much of this is not yet costed and only limited amounts (£0.066 million) is currently assessed as achievable in this financial year. The other main pressures are within Adult Mental Health due to increased demand and high cost placements within Nursing Care. In the light of the risk share agreement not having been finalised this leaves the Council with a potential shared financial risk. Urgent discussions with PCT commissioning and finance colleagues and SPT are being held over the next week to seek a resolution to the current and future financial positions.
- Sussex Downs Health Trust – HIV/AIDS, Intermediate Care and the Integrated Community Equipment Store (ICES) are forecasting an overspend of £0.024 million. The improved position is largely due to reduced commitment on equipment and staff savings within ICES due to improved management controls (e.g. equipment requisitions).

Housing Revenue Account (HRA)

| Forecast Variance Month 4 £'000 | 2008/09 Budget Month 6 £'000 | Forecast Outturn Month 6 £'000 | Forecast Variance Month 6 £'000 | Forecast Variance Month 6 % |
|--|---------------------------------------|---|--|--------------------------------------|
| Housing Revenue Account | | | | |
| (223) Employees | 9,023 | 8,644 | (379) | -4.2% |
| 86 Premises – Repair | 10,834 | 10,941 | 107 | 1.0% |
| 10 Premises – Other | 2,782 | 2,946 | 164 | 5.9% |
| (68) Transport & Supplies | 2,182 | 2,097 | (85) | -3.9% |
| - Support Services | 2,300 | 2,319 | 19 | 0.8% |
| - Revenue contribution to capital | 3,385 | 3,465 | 80 | 2.4% |
| (17) Capital Financing Costs | 4,941 | 4,908 | (33) | -0.7% |
| 26 Subsidy Payable | 11,494 | 11,547 | 53 | 0.5% |
| (186) Net Expenditure | 46,941 | 46,867 | (74) | -0.2% |
| (25) Dwelling Rents (net) | (40,478) | (40,561) | (83) | -0.2% |
| 26 Other rent | (1,209) | (1,211) | (2) | -0.2% |
| 127 Service Charges | (3,292) | (3,533) | (241) | -7.3% |
| 5 Supporting People | (550) | (559) | (9) | -1.6% |
| 53 Other recharges & interest | (1,162) | (1,093) | 69 | 5.9% |
| 186 Net Income | (46,691) | (46,957) | (266) | -0.6% |
| - Total | 250 | (90) | (340) | -136.0% |

Explanation of Key Variances

The budget has now been increased by £0.250 million to reflect the net increase in the energy costs following the renewal of these contracts. This increase will be funded from useable general reserves as noted in the 2008/09 HRA Budget report approved by Council on 28th February 2008.

The forecast spend has decreased compared to the month 4 forecast and is now projected to underspend by £0.340 million by year end.

The main variances are:

- Salary costs showing a net underspend of £0.379 million from vacancy management of which £0.060 million is from the single status provision.
- Empty property repair costs £0.200 million overspend due to an increase in the average cost of repair per property from £2,300 to £2,600 for the first four months of the year. An action plan is being developed and will be implemented to achieve a reduction to £2,300 per property. The empty property overspend is partially

offset by service contract underspends of £0.162 million due to continuing with the existing contracts, which have a lower specification than the new contracts that had been budgeted for. (New contracts to be let for 2009/10)

- The corporate gas contract shown in other premises costs are expected to increase by £0.140 million however the majority of these costs will be passed to tenants through the heating service charges. A budget virement will be actioned to realign both income and expenditure budgets for month 7.

The income budget for Service charges to leaseholders is projected to overachieve by £0.240 million. Underachieved income on Major works recharges to leaseholders £0.126 million due to completion of contracts in time for this years billing to leaseholders being less than anticipated when setting the original income budget. This has been offset by higher than anticipated charges to lease holder service charges and an increase in income from the gas heating service charge.

KEY ACTIVITY DATA SUPPORTING CORPORATE CRITICAL BUDGET FORECASTS

| | Activity Indicator | Unit Cost Indicator | BUDGET | | | FORECAST | | | VARIANCE | | | |
|---|--------------------------|---|------------|--------------------|---------------|------------|--------------------|---------------|-----------|--------------------|----------------------|--|
| | | | Activity | Unit Cost/Income £ | Budget £ | Activity | Unit Cost/Income £ | Actual £ | Activity | Unit Cost/Income £ | Variance to Budget £ | |
| | | | | | | | | | | | | |
| Child Agency & In-house Placements | | | | | | | | | | | | |
| Disability Agency | Number of children | Cost per week | 8.0 | 1,822 | 757,900 | 7.9 | 2,153.7 | 882,100 | (0.2) | 332 | 124,200 | |
| Disability Respite | Number of children | Cost per week | n/a | n/a | 138,000 | n/a | n/a | 128,500 | na | na | (9,500) | |
| Independent Foster Agency (IFA) | Number of children | Cost per week | 94.0 | 890 | 4,350,600 | 93.3 | 884.9 | 4,305,800 | (0.7) | (5) | (44,800) | |
| Residential Agency | Number of children | Cost per week | 41.0 | 2,414 | 5,145,700 | 38.2 | 2,394.5 | 4,766,400 | (2.8) | (19) | (379,300) | |
| Secure Accommodation | Number of children | Cost per week | 1.5 | 5,154 | 402,000 | 2.2 | 4,186.3 | 481,100 | 0.7 | (968) | 79,100 | |
| In-House Placements | Number of children | Cost per week | 352.0 | 305 | 5,584,600 | 357.7 | 280.2 | 5,226,600 | 5.7 | (25) | (358,000) | |
| Leaving Care Accommodation | Number of children | Cost per week | 25.0 | 509 | 661,900 | 39.2 | 442.6 | 905,400 | 14.2 | (67) | 243,500 | |
| Leaving Care Ex Asylum Seekers | Number of children | Cost per week | n/a | n/a | 108,800 | 28.2 | 117.4 | 172,500 | na | na | 63,700 | |
| Educational Agency (DSG budget) | Number of children | Cost per week | 130.0 | 701 | 4,736,900 | 129.0 | 678.7 | 4,565,534 | (1.0) | (22) | (171,366) | |
| | | | | | | | | | | | (452,466) | |
| Sustainable Transport | | | | | | | | | | | | |
| PCN effect of Traffic Management Act | Number of PCNs issued | Average receipt per offence | 127,145 | (40) | (5,085,800) | 131,849 | (36) | (4,800,275) | 4,704 | 4 | 285,525 | |
| Land Charges Income | | | | | | | | | | | | |
| | Local Authority Searches | Income per search | 7,870 | (115) | (905,050) | 2,770 | (115) | (318,550) | (5,100) | 0 | 586,500 | |
| | Personal Searches | Income per search | 4,500 | (11) | (49,500) | 3,500 | (11) | (38,500) | (1,000) | 0 | 11,000 | |
| | | | | | | | | | | | 597,500 | |
| Concessionary Fares | | | | | | | | | | | | |
| | Number of journeys | Total cost divided by number of journeys | 11,000,000 | 0.98 | 10,780,000 | 10,642,857 | 0.84 | 8,960,221 | (357,143) | -0.14 | (1,819,779) | |
| Collection Fund | | | | | | | | | | | | |
| | Band D Equivalents | No of Band D Equivalents | 95,255 | (1,190) | (113,388,039) | 94,029 | (1,190) | (111,927,765) | (1,227) | 0.00 | 1,460,274 | |
| Community Care | | | | | | | | | | | | |
| NHSc Older People | No. WTE Clients | Cost per week | 1,671 | 200 | 17,438,000 | 1,777 | 190 | 17,618,000 | 106 | (10) | 180,000 | |
| NHSc Physical Disabilities | No. WTE Clients | Cost per week | 367 | 245 | 4,682,000 | 475 | 219 | 5,408,000 | 108 | (26) | 726,000 | |
| NHSc No Recourse to Public Funds (AMH) | No. WTE Clients | Cost per week | 72 | 128 | 477,000 | 92 | 121 | 577,000 | 20 | (7) | 100,000 | |
| | | | | | | | | | | | 1,006,000 | |
| Section 75 Learning Disabilities | | | | | | | | | | | | |
| S75 NHSc Learning Disabilities | No. WTE Clients | Cost per week | 595 | 627 | 19,442,000 | 649 | 576 | 19,505,000 | 54 | (51) | 63,000 | |
| S75 NHS & Community Care Act | | | | | | | | | | | | |
| S75 NHSc Adult Mental Health | No. WTE Clients | Cost per week | 183 | 295 | 2,814,000 | 273 | 231 | 3,281,000 | 89 | (64) | 467,000 | |
| S75 NHSc Older People Mental Health | No. WTE Clients | Cost per week | 563 | 264 | 7,762,000 | 547 | 255 | 7,277,000 | (16) | (9) | (485,000) | |
| S75 NHSc Substance Misuse | No. WTE Clients | Cost per week | 4 | 471 | 101,000 | 9 | 471 | 222,000 | 5 | 0 | 121,000 | |
| S75 NHSc HIV | No. WTE Clients | Cost per week | 26 | 151 | 208,000 | 36 | 126 | 233,000 | 9 | (26) | 25,000 | |
| S75 ICES | Equipment & Adaptations | Various rates for different type of equipment | - | - | 653,560 | - | - | 700,260 | 0 | - | 46,700 | |
| | | | | | | | | | | | 174,700 | |

PROGRESS AGAINST THE ACHIEVEMENT OF THE 2008/09 EFFICIENCY SAVINGS

| | Budget £'000 | Forecast £'000 | Variance £'000 | Explanation |
|--|-----------------|-------------------|-------------------|---|
| Adult Social Care & Housing | | | | |
| Adult Social Care | (1,378) | (1,359) | | 19 Additional savings from Vernon Gardens offsetting current shortfall anticipated on homecare/daycare savings and brought-forward service pressure |
| Housing Strategy | (214) | (214) | 0 | |
| Sub-Total | (1,592) | (1,573) | 19 | |
| CYPT | | | | |
| East Area, Early Years and NHS comm | (32) | (32) | 0 | |
| Central Area and Schools Support | (202) | (202) | 0 | |
| Learning & Schools | (71) | (71) | 0 | |
| West Area and Youth Support | (2) | (2) | 0 | |
| Specialist Services | (164) | (164) | 0 | |
| Quality & Performance | (30) | (30) | 0 | |
| Sub-Total | (501) | (501) | 0 | |
| Finance & Resources | | | | |
| Finance | (175) | (175) | 0 | |
| ICT | (150) | (150) | 0 | |
| Customer Services | (460) | (460) | 0 | |
| Property & Design | (90) | (65) | | 25 Delay in the sale of Windlesham Road, a key part of the accommodation rationalisation, has meant the move of staff from Edward House to the refurbished 3rd floor of Kings House has also been delayed. The full year saving will be realised in future years. |
| Sub-Total | (875) | (850) | 25 | |
| Strategy & Governance | | | | |
| Director | (40) | (40) | 0 | |
| Improvement & Organ Devel | (38) | (38) | 0 | |
| Legal & Democratic Services | (56) | (56) | 0 | |
| Policy Unit | (25) | (25) | 0 | |
| Human Resources | (55) | (55) | 0 | |
| Sub-Total | (214) | (214) | 0 | |
| Environment | | | | |
| City Services | (400) | (400) | 0 | |
| Leisure | (20) | (20) | 0 | |
| Sustainable Transport | (475) | (352) | | 123 The 5 ex-leased car parks were not brought back in house until September 2008. |
| Public Safety | (30) | (30) | 0 | |
| City Planning | (10) | (10) | 0 | |
| Sub-Total | (935) | (812) | 123 | |
| Cultural Services | | | | |
| City Marketing | (25) | (25) | 0 | |
| Libraries & Information services | (70) | (70) | 0 | |
| Royal Pavilion & Museums | (47) | (32) | | 15 Unachievable energy savings due to increase in gas and electricity contract charges |
| Arts & Creative Industries | (26) | (26) | 0 | |
| Economic Development & Regeneration | (73) | (73) | 0 | |
| Major Projects and Venues | (75) | (20) | | 55 Unachievable energy savings due to increase in gas contract charges |
| Sub-Total | (316) | (246) | 70 | |

PROGRESS AGAINST THE ACHIEVEMENT OF THE 2008/09 EFFICIENCY SAVINGS

| | Budget £'000 | Forecast £'000 | Variance £'000 | Explanation |
|---|-----------------|-------------------|-------------------|---|
| Section 75 : Learning Disabilities | | | | |
| Council Lead Learning Disabilities | (641) | (606) | 35 | Additional staffing resources to achieve specific FRP targets |
| Sub-Total | (641) | (606) | 35 | |
| Health Led Section 75 arrangements | | | | |
| SPT | | | | |
| Older People Mental Health | (176) | (176) | 0 | Significant pressure this year relates to 07/08 carry forward treatment |
| Adult Mental Health | (206) | (206) | 0 | Significant pressure this year relates to 07/08 carry forward treatment |
| Substance Misuse | (10) | 0 | 10 | Pressure across service |
| SDHT | | | | |
| Intermediate Care | (53) | (24) | 29 | Balance of efficiency savings taken from HIV/AIDS |
| ICES | (14) | 0 | 14 | No efficiency savings taken |
| HIV/AIDS | (7) | (24) | (17) | Overachievement but pressure on Asylum Seekers |
| Sub-Total | (466) | (430) | 36 | |
| Total | (5,540) | (5,232) | 308 | |
| Housing Revenue Account | | | | |
| Employees | (308) | (308) | 0 | |
| Supplies & Services | (93) | (93) | 0 | |
| Repairs -Responsive/Empty Properties contract. | (1,450) | (1,250) | 200 | £300 Increase to empty property costs |
| Repairs - Gas Servicing Contract | (417) | (417) | 0 | |
| Ground Maintenance | (61) | (61) | 0 | |
| Reduction in Staff Accommodation charge | (40) | (40) | 0 | |
| Increase in Garage and Car Park Income | (40) | (40) | 0 | |
| Reduction in transitional protection from Supporting People charges | (40) | (40) | 0 | |
| Total | (2,449) | (2,249) | 200 | |

CAPITAL OUTTURN SUMMARY

| Variance month 4 £(000)'s | Directorate | Original Programme £(000)'s | Carried Forward £(000)'s | Changes to programme £(000)'s | Budget TBM6 £(000)'s | TBM6 Variations to this Cabinet £(000)'s | Revised Total Budget £(000)'s | Forecast £(000)'s | Variance month 6 £(000)'s | Forecast Variance % |
|---------------------------|-----------------------------|-----------------------------|--------------------------|-------------------------------|----------------------|--|-------------------------------|-------------------|---------------------------|---------------------|
| 0 | Strategy & Governance | 910 | | | 910 | | 910 | 910 | 0 | 0.0% |
| 0 | CYPT | 10,403 | 165 | 20 | 10,588 | (1,701) | 8,887 | 8,887 | 0 | 0.0% |
| 0 | Cultural Services | 1,060 | 100 | 445 | 1,605 | 112 | 1,717 | 1,717 | 0 | 0.0% |
| 0 | Environment | 11,632 | 236 | 1,553 | 13,421 | 643 | 14,064 | 14,064 | 0 | 0.0% |
| 0 | Finance & Resources | 6,609 | 309 | 259 | 7,177 | (75) | 7,102 | 7,102 | 0 | 0.0% |
| 0 | Adult Social Care & Housing | 5,820 | 271 | (1,875) | 4,216 | 2,876 | 7,092 | 7,092 | 0 | 0.0% |
| 0 | HRA | 18,365 | 326 | (1,602) | 17,089 | (2,923) | 14,166 | 14,166 | 0 | 0.0% |
| 0 | Total | 54,799 | 1,407 | (1,200) | 55,006 | (1,068) | 53,938 | 53,938 | 0 | 0.0% |

Notes

- ⊗ The Original Budget included Corporate Items to be allocated of £1,750,000 which is shown in table 1 within Finance & Resources.
- ⊗ The TBM6 Variations to this cabinet includes all the appendices attached to this report but not any capital schemes elsewhere on the agenda.
- ⊗ Some new schemes are part funded by capital monies already in the capital programme.

CAPITAL BUDGET REPROFILE REQUESTS

| | | | |
|----------------------|---|--------------------------|---------|
| Department: | Finance & Resources | | |
| Project Name: | Corporate Accommodation & Energy Efficiencies | | |
| Current budget: | £ 90,670 | Proposed revised budget: | £45,670 |
| Total budget change: | £ (45,000) | | |

The installation of energy efficiency measures as part of a project at Balfour Junior School has been delayed. The main construction project, a CYPT scheme funded from DCSF 'Primary Capital Programme' grant, has been put back a month, resulting in the ground source heat pump being installed in April rather than March 2009.

| | | | |
|----------------------|---------------------|--------------------------|----------|
| Department: | Housing (HRA) | | |
| Project Name: | Leach Court Heating | | |
| Current budget: | £ 400,000 | Proposed revised budget: | £100,000 |
| Total budget change: | £ (300,000) | | |

Due to insurmountable technical difficulties in providing joint CHP (Combined Heat and Power) heating to both Leach Court and the new extra care facility in the new Patching Lodge, Hanover have decided to provide their own independent heating source.

Officers are concerned that the current design and price for renewal of the heating system within Leach Court does not provide value for money and are seeking redesign and alternative prices. Due to the delay introduced by the redesign, implementation of the work is now likely to occur during adverse weather conditions and officers advise reprofiling of the project so that works likely to affect the heating service will not be carried out during the winter when heating is required.

| | | | |
|----------------------|---------------------------------------|--------------------------|----------|
| Department: | Housing (HRA) | | |
| Project Name: | Somerset & Wiltshire Structural Works | | |
| Current budget: | £2,120,000 | Proposed revised budget: | £393,300 |
| Total budget change: | £(1,726,700) | | |

This scheme is for external envelope repairs to Somerset and Wiltshire High Rise blocks to maintain the exterior of the building. A Technical Survey has now been undertaken which has recommended providing overcladding in addition to simply repairing and waterproofing. Overcladding would significantly enhance the life of the structural integrity and waterproofing of the building. This improvement would also provide extra insulation which would ultimately benefit residents through reduced future heating costs.

Overcladding the block requires planning permission, which will therefore delay the project and the majority of the works will be in 2009/10. Tenders are currently being sought for this project. The current budget does not allow for overcladding so any additional funding required will be reported for approval as soon as this is identified.

| | | | |
|----------------------|-------------------------|--------------------------|------------|
| Department: | Housing (HRA) | | |
| Project Name: | Redecorations & Repairs | | |
| Current budget: | £2,663,000 | Proposed revised budget: | £1,800,000 |
| Total budget change: | £(863,000) | | |

The two year programme for Cyclical Decorations and Repairs was approved on 3rd April 2008 with £2.5 million allocated to each year. This allocation was based on the assumption that an equal value of works would be programmed to each year.

The contract was awarded during 2008/09. The actual programme of works is now agreed and in progress, and the budget is being realigned to reflect the programme timetable provided by the contractor.

| | | | |
|----------------------|--------------------|--------------------------|----------|
| Department: | Housing (HRA) | | |
| Project Name: | Estate Development | | |
| Current budget: | £673,190 | Proposed revised budget: | £540,000 |
| Total budget change: | £(133,190) | | |

The Estate Development Budget is made up of a large number of projects that have been selected and approved by Area Panels. These projects are all at various stages in their project lifecycles including feasibility, awarding of contracts, projects being on site and completion.

Circumstances outside of the control of Housing Management is causing a delay in progressing some of the larger projects, such as issues surrounding raising additional funds from elsewhere to fund projects. Additionally, in some instances, there is a necessity to revisit bid proposals as a result of feasibility studies.

A forecast of spend in 2008/09 has been produced on a prudent basis taking these issues into account.

| | | | |
|----------------------|-------------------|--------------------------|----------|
| Department: | CYPT | | |
| Project Name: | Children's Centre | | |
| Current budget: | £300,000 | Proposed revised budget: | £216,000 |
| Total budget change: | £(84,000) | | |

The budget is being reprofiled to 2009/10 because some of the work can be funded from the Children's Centre carry forward from 2007/08. This funding is part of a £1.8 million three year programme for Children's Centres for 2008/2011.

| | | | |
|----------------------|---------------------|--------------------------|----------|
| Department: | CYPT | | |
| Project Name: | Early Years Capital | | |
| Current budget: | £1,062,300 | Proposed revised budget: | £375,000 |
| Total budget change: | £(687,300) | | |

The amount agreed for the allocation of the original DCSF grant was for £1,062,300 in 2008/09. The DCSF funding conditions allow the funding to be carried forward and not all of this funding will be spent in 2008/09 with a proportion being carried forward into 2009/10.

The priority for this financial year is to complete feasibility studies to identify how funding will be spent over the three year period of the funding. Time needed for planning, design and work taking place in school holidays means that it will not be possible to complete large projects, including the Peter Gladwin extension, this financial year. There is additional funding of £1,062,300 for both 2009/10 and 2010/11.

| | | | |
|----------------------|------------------|--------------------------|------------|
| Department: | CYPT | | |
| Project Name: | Devolved Capital | | |
| Current budget: | £3,416,430 | Proposed revised budget: | £2,507,470 |
| Total budget change: | £(908,960) | | |

Devolved Formula Capital is a financial resource that is devolved to schools by the Local Authority. Schools have the option to accrue the money for a maximum of 3 years. However, accrued funds are normally retained by the LA. The current projected outturn figures represent the amount schools are anticipated to request by the end of the financial year. Should any school projects run faster than anticipated, funding would have to be made available

| | | | |
|----------------------|-----------------------------|--------------------------|----------|
| Department: | Adult Social Care & Housing | | |
| Project Name: | Places for change programme | | |
| Current budget: | £400,000 | Proposed revised budget: | £300,000 |
| Total budget change: | £(100,000) | | |

CLG has changed the profile of the funding for the programme. This funding is being used to redevelop First Base Day Centre (owned and managed by Brighton Housing Trust) and refurbish/remodel Palace Place.

As the refurbishment works at Palace Place have been more complicated than those at First Base Day Centre the change in the funding profile by CLG does not cause any issues for the overall project. As First Base Day Centre is further progressed with building works it will mean that more funding can be provided to them in 2008/09 than originally planned.

CAPITAL VARIATION REQUESTS

| | |
|---|--------------------------|
| Project Title: Transport Opportunity Fund | Approved Budget: £36,940 |
|---|--------------------------|

| | |
|--------------------------|--------------------|
| Directorate: Environment | Variation: £30,000 |
|--------------------------|--------------------|

Additional funds are required to support the adequate provision of cycle shelters and changing facilities at Council buildings, due to the increasing number of staff cycling to and from work.

The additional costs will be funded by a revenue contribution.

| | |
|--|-----------------------------|
| Project Title: Car parks investment & improvements | Approved Budget: £2,010,000 |
|--|-----------------------------|

| | |
|--------------------------|---------------------|
| Directorate: Environment | Variation: £250,000 |
|--------------------------|---------------------|

An invest-to-save opportunity has been identified offering significant energy savings, ongoing maintenance savings and aesthetic improvements in relation to the mechanical ventilation system at Lanes car park. As part of the design & build contract for the refurbishment of Lanes car park an added value proposal has been made, outside of the original scope of works, to replace the existing system and reduce energy costs by over 70%. This would equate to savings of at least £28,000 per annum. The reduction in carbon emissions would make a big impact and demonstrate that the council is acting positively to meet its environmental objectives.

In 2007/08, the council spent £79,000 on electricity at the Lanes car park, of which around £30,000 was spent on powering the ventilation system. Consumption at the same level in 2009/10 would be closer to £40,000. The new system will reduce energy consumption by at least 70%, or £28,000 per annum. The existing system is very inefficient. It is 30 years old and the fans (which operate 24 hours a day) are nearing the end of their life. A recent dilapidations report forecast £190,000 of planned replacement/maintenance for the system over the next 10 years.

The cost of completely replacing the system would be £250,000. The works would pay for themselves through energy savings within 9 years at current rates and faster if energy prices continue to rise. In addition, significant savings would be realised through reduced planned maintenance costs.

An added benefit of replacing the existing ventilation system would be to free up a large amount of space, particularly headroom, by removing the existing ductwork and using a modern shunt fan system. This would give the car park a much more open feel and make it easier to keep clean.

The original scope of works allowed for basic repairs to the existing system. The idea to replace the entire system was suggested at a late stage and a feasibility study was commissioned to address the practicalities and Health and Safety issues. The results of that feasibility study were made available on 27th October.

The costs would be funded from the revenue savings on energy costs.

NEW PROJECT APPROVAL REQUESTS

New capital project approval

| | |
|--|---|
| Project title: Cityparks green waste composting facilities in Stanmer Park | Total project cost: £63,250 Directorate: Environment |
|--|---|

Purpose, benefits and risks

City Parks have been liaising with the Environment Agency to improve the handling of green waste at Stanmer Park and increase the amount of green waste composted. To prevent any run off from the waste into ground water supplies, a concrete pad is required to place collected green waste ready for transfer to a composting facility.

The service put out to tender the management of its green waste and the most cost effective and sustainable solution is the construction of a concrete pad.

Capital expenditure profile

| | 2008/09 | 2009/10 | 2010/11 | 2011/12 | TOTAL |
|----------------------|---------|---------|---------|---------|---------|
| Revenue Contribution | £63,250 | | | | £63,250 |

Financial implications

The project will be a one year cost funded from existing revenue budgets within City Services

Whole Life Costing

| | 2008/09 | 2009/10 | 2010/11 | Future annual costs |
|---------------------|---------|---------|---------|---------------------|
| From Revenue Budget | £63,250 | | | £0 |

New capital project approval

Project title: SEEDA Funded Infrastructure works at Falmer Total project cost: £5,226,000
 Directorate: Environment

Purpose, benefits and risks

These works are to improve the A27/A270 interchange at Falmer, to close the existing entrance to the University of Sussex on the A27 and to construct a new entrance from Stanmer Park Road to Sportcentre Road. All of these works are funded by SEEDA to improve the Academic Corridor. All these works meet the planning conditions set by the Secretary of State as part of the planning approval for the new Community Stadium at Falmer.

The necessary legal agreements between SEEDA, the club and the Council to secure the funding and to manage any cost overrun, should be signed by the end of October 2008. The agreements also allow for the unlikely event that should the club decide not to proceed with the stadium, then all of the fees incurred by the Council will be borne by the club. Any overspend will be funded by the football club.

SEEDA's principal reasons for funding these works include improved employment and learning capabilities within the Academic Corridor (included the proposed Falmer Academy), contributing to achieving key objectives' in the Council's Economic Strategy and supporting the development of the Community Stadium.

Capital expenditure profile

| Year | 2008/09 | 2009/10 | 2010/11 | 2011/12 | TOTAL |
|--------------------------|----------|------------|------------|---------|------------|
| Estimated costs and fees | £300,000 | £3,828,000 | £1,040,000 | £58,000 | £5,226,000 |

Financial implications

Spend Profile

| | |
|-----------------|-------------------|
| Works | £4,698,000 |
| Consultants | £453,000 |
| Management Fees | £75,000 |
| Total | £5,226,000 |

Funding

SEEDA £5,226,000 with any cost over run funded by the football club (by Agreement)

Revenue Implications

The maintenance liabilities of the new infrastructure will be absorbed into existing budgets and should need very limited maintenance in the short term.

New capital project approval

Project title: Lifts

Total project cost: £ 100,000

Directorate: Housing and City Support

Purpose, benefits and risks

The Capital Budget Report approved by cabinet in April 2008 included an earmarked contingent sum in reserves for Lift Repairs of £100,000.

Officers seek the release of this contingency in order to fund the capital works that have arisen from the lift service contract. Additionally, two major breakdowns have occurred during this year, including one in a sheltered scheme, which require capital repairs.

Capital expenditure profile

| | 2008/09 | 2009/10 | 2010/11 | TOTAL |
|--------------------------|----------|---------|---------|----------|
| HRA Reserves Contingency | £100,000 | £0 | £0 | £100,000 |

New capital project approval

Project title: Info System for Parents & Providers

Total project cost: £ 22,330

Directorate: Children and Young Peoples Trust

Purpose, benefits and risks

Purchasing the Evince database to ensure we are ready for the Information System for Parents and Providers (ISPP) national project.

The Family information Service (FIS) has been using a database provided for free by the Department for Children, Schools and Families (DCSF) delivered by Opportunity Links. The funding for an updated database has now been devolved locally for FIS to purchase a database directly.

The FIS needs to purchase a new database ensuring that it complies with the following:

1) The new database is needed as the FIS database needs to be compliant with a new national ISPP system which will gather local information into a national aggregator.

2) The new database also needs to provide the information outlined in the Local Authority duty to provide Information, Advice and Assistance – Childcare Act 2006.

FIS applied and received approval for a waiver to purchase the database from the existing database supplier. The purchase of the Evince database from Opportunity Links represents best value for money for the following reasons:

Evince is very similar to the existing Ichis system

The current FIS data would transfer easily from Ichis to Evince

Reports and monitoring systems would transfer between systems

The whole FIS team are trained to use this system

The system works with and enhances the Family Services Directory (purchased last year from Opportunity Links)

Opportunity Links have experience of working with the DCSF and are making sure that their systems are compliant and interoperable with the Information Systems for Parents and Providers (ISPP) national project

This is a one off project and the capital costs cover the start up funding for the Evince database ensuring that there is a seamless transfer between the existing system and the new Evince system. Reports from other local authorities who have made this transfer have been positive and there has been minimal disruption to the service.

Capital expenditure profile

| Year | 2008/09 | 2009/10 | 2010/11 | TOTAL |
|--------------------------|---------|---------|---------|----------|
| Estimated costs and fees | 22,330 | £0 | £0 | £ 22,330 |

Financial implications

Funding to support procurement of an information system for parents and providers (ISPP) has been made available from the Department for children, schools and families. This ring fenced grant supports Local Authorities with the new information duties of the Childcare Act 2006 through the Information System for Parents and Providers by a capital grant of £22,330 and a revenue grant of £11,000.

New capital project approval

Project title: Beech Cottage Improvement Works

Total project cost: £125,000

Directorate: Adult Social Care & Housing

Purpose, benefits and risks

A Value for Money Review of the home care service directly provided by the council was completed in January 2008. One of the recommendations of the review was to create one office base for the home care service. Currently the service operates from 2 bases in the city (Hove Town Hall and Craven Vale). Various options have been explored to accommodate a single base but the only suitable council owned property available is Beech Cottage, Warren Road, Woodingdean. The move to Beech Cottage would result in one office base and would result in less duplication of services and therefore better value for money.

Relocating the Homecare service from Craven Vale provides the opportunity to convert the space vacated to create eight additional bedrooms which would help to ease the pressure of bed capacity in the city.

Beech Cottage has been vacant for some time and requires an estimated £125,000 of investment to bring it back to a reasonable standard for office accommodation including an estimated £33,500 for ICT and £83,500 for builders and mechanical & electrical work. This work must be completed urgently as the provision of the priority additional beds at Craven Vale is conditional on Beech Cottage being ready for Homecare to move in to.

Capital expenditure profile

| | 2008/09 | 2009/10 | 2010/11 | TOTAL |
|-----------------------------|----------|---------|---------|-----------|
| Mental Health Capital Grant | £125,000 | £0 | £0 | £ 125,000 |

Financial implications

The improvement costs for Beech Cottage are estimated to be £125,000 and this will be fully funded by utilising the Mental Health Capital Grant allocation for 2008/09. This grant funding can be spent on any capital purpose due to the freedoms arising from being a CSCI three star social services authority.

If the grant funding was not available these costs would have to be met from unsupported borrowing, which would mean annual borrowing costs in the region of £12,000 per annum to be met from the revenue budget.

The running costs of Beech Cottage are estimated to be in the region of £10,000 per annum and these costs have been allowed for as part of the budget strategy for 2009/10.

Whole Life Costing

| | 2008/09 | 2009/10 | 2010/11 | Future annual costs |
|---------------|---------|---------|---------|---------------------|
| Running costs | £2,000 | £10,000 | £10,000 | £10,000 |

New capital project approval

Project title: Best Programme

Total project cost: £2,776,000

Project Manager: Martin Reid

Directorate: Adult Social Care and Housing

Purpose, benefits and risks

Expenditure of the Council's share of the 2008/09 Private Sector Housing Renewal Grant allocation to the Brighton & Hove and East Sussex Together (BEST) local authority consortium in accordance with the provisions of the Regularity Reform (Housing Assistance) Order 2002 as detailed in the report to Housing Committee and approved on 10 September 2008.

Such expenditure to be targeted to the various forms of assistance identified as Policy Tools in the Council's Housing Renewal Assistance Policy and/or in accordance with the approved Home Safety and Security initiative and other relevant programmes.

Payment of the remaining £2,397,000 of the £5,173,000 Housing Renewal Grant allocated for the 2008/09 Brighton & Hove East Sussex Together (BEST) programme to the five East Sussex authorities in accordance with an agreed distribution.

Capital expenditure profile

| Year | 2008/09 | 2009/10 | 2010/11 | 2011/12 | TOTAL |
|---------------------------|------------|---------|---------|---------|------------|
| Estimated costs and grant | £2,776,000 | | | | £2,776,000 |

Financial implications

Grant aided expenditure of £2,776,000 of the BEST Housing Renewal Grant Allocation in accordance with the council's Housing Renewal Grant allocation.

New capital project approval

Project title: Children's Social Care

Total project cost: £ 150,000 of which 50% is from CYPT and 50% from ASC&H

Directorate:
Children and Young Peoples Trust

Purpose, benefits and risks

Adaptations are proposed to two properties, the first is a loft conversion and the second involves downstairs alterations to allow home care for a child with autistic spectrum disorder and severe epilepsy.

The placements fit with the strategic direction towards Friends and Families carers and away from expensive agency/residential placements.

Colleagues in ASC&H have agreed to share the cost.

Capital expenditure profile

| Year | 2008/09 | 2009/10 | 2010/11 | TOTAL |
|--------------------------|---|---------|---------|----------|
| Estimated costs and fees | £150k in total- £75k each for the CYPT and ASC&H | £0 | £0 | £150,000 |

Financial implications

This is a one-off cost in terms of capital expenditure.

The sum will be funded as follows:

£43,000 Children's Social Care Capital Budget

£28,500 Adaptations budget in Children's Disability Service

£3,500 Family & Friends Revenue Budget

£75,000 Disabled adaptations capital budget within Adult Social Care & Housing

New capital project approval

| | | |
|----------------|--------------------------------|--------------------------------|
| Project title: | Pavilion Security Control Room | Total project cost: £112,000 |
| | | Directorate: Cultural Services |

Purpose, benefits and risks

Relocation of Royal Pavilion Security Control Room

The current security control is a hub of activity for the Royal Pavilion Estate. Its location is inappropriate to the functions it carries out and it is no longer fit for purpose to provide a modern security function. For example, staff and contractors needing to see duty security control room staff have to wait in the visitor admission area; this is not good practice and leaves visitors with a poor impression of how business is conducted. The need to relocate the control room was identified during an external independent review of security at the Royal Pavilion.

Capital expenditure profile

| Year | 2008/09 | 2009/10 | 2010/11 | TOTAL |
|--------------------------|----------|---------|---------|----------|
| Estimated costs and fees | £112,000 | £0 | £0 | £112,000 |

Financial implications

The funding for this scheme is as follows:

Contribution from Capital Planned Maintenance Budget held within Finance & Resources £30,000
Pavilion Renewals Fund £60,000
Preston Manor Fund £17,000
Direct revenue contribution £5,000

New capital project approval

Project title: Falmer Academy – provision of the Swan Centre and Caretaker’s Flat

Total project cost: £557,000

Directorate: Children & Young Peoples Trust

Purpose, benefits and risks

Agreement to this capital scheme will lever in £27.5m DCSF capital funding to enable a first class academy with state of the art ICT facilities to be provided over two phases, completing in 2011. To conclude the development of the Outline Business Case (OBC) process the council is required to agree that it will fund those parts of the Falmer Academy development that cannot be met by the DCSF. The DCSF are not able to fund the re-provision of the Swan Centre and the caretaker’s accommodation even though these are integral to the Academy proposal.

The Swan Centre is a valuable facility that provides help and assistance to children on the Autistic Spectrum who attend Falmer High School, The Academy Sponsor has indicated that he is very keen for this facility to be part of the Academy proposal. After exploring options for the possible re-location of the Swan Centre it was concluded that the facility should be retained within the proposed Academy which provides optimum benefits for students and the academy and supports the council's SEN Strategy. Consequently, the council is required to fund the provision of this space within the Academy and agree a Service Level Agreement with the Academy for the management of Swan Centre.

Funding has been identified for this development (which will form part of the Academy construction programme) from Targeted Capital Funding (TCF) allocated to Brighton & Hove City Council in the three year settlement notified in December 2007. This funding is provided to 76 local authorities in later waves of Building Schools for the Future (BSF) funding to enable those authorities to improve their secondary stock and the outcomes for young people prior to joining the full BSF programme. The funding is offered in the form of Supported Capital Expenditure (Capital) or SCE(C) which is a capital grant and means that there are no associated borrowing costs with the scheme. The total TCF allocation is £8m (£2m in 2009/10 and £6m in 2010/11). This project will leave £5.443m of the 2010/11 allocation available.

Currently, Falmer High School has two caretakers both of whom are provided with on site accommodation. This accommodation is provided as a service tenancy on the basis that it helps the caretakers in the performance of their duties. It also provides the school with a level of passive security outside the normal school day. The cost of this provision is also to be met from the TCF funding mentioned above.

This course of action was agreed in principle at Policy and Resources Committee on 7th February and 6th March 2008.

Capital expenditure profile

| Year | 2008/09 | 2009/10 | 2010/11 | TOTAL |
|--------------------------|---------|---------|---------|----------|
| Estimated costs and fees | £0 | £0 | 557,000 | £557,000 |

Financial implications

This is a one-off cost in terms of capital expenditure with no additional revenue capital financing implications. Financial risk in relation to this aspect of the academy development only will remain with the council and/or its contractor for the works.

The ongoing revenue costs for the provision of the two facilities will be a part of the overall academy budget. Detailed costings and service plans are still being developed but these replacement facilities are expected to be cost neutral and will be funded through the academy’s formula funding.

AUDIT COMMITTEE

Agenda Item 65

Brighton & Hove City Council

Subject: Risk & Opportunity Management (ROM) Update –
Corporate Risk Register Updated November 2008

Date of Meeting: 16 December 2008

REPORT OF: Director of Finance & Resources

Contact Officer: Name: Jackie Algar Tel: 29-1273
E-mail: Jackie.algar@brighton-hove.gov.uk

Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The Risk & Opportunity (ROM) Strategy 2008 – 2011 includes provision for a six monthly update of the Corporate Risk Register by TMT. This report provides the updated Risk Register as set by TMT on 12 November 2008.

2. RECOMMENDATIONS:

- 2.1 That the Audit Committee note the Corporate Risk Register 2008 – 09 as updated by TMT on 12 November 2008 (Appendix 1).

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The council's management team ("TMT") set the Corporate Risk Register at sessions facilitated by the Risk & Opportunity Manager. TMT will review the Corporate Risk Register twice yearly in May and November each year.
- 3.2 Each time the Corporate Risk Register alters, it will be reported to the next scheduled Audit Committee.

4. CONSULTATION

- 4.1 The ROM Strategy, the ROM programme and the methodology have been the subject of extensive internal consultation and shared with external bodies, e.g. Southdowns NHS Trust and other local authorities.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 There are no direct financial implications arising directly from this report.
Finance Officer Consulted: Anne Silley Date: 16 May 2008

Legal Implications:

- 5.2 There are no legal implications arising directly from this report.
Lawyer Consulted: Oliver Dixon Date: 15 May 2008

Equalities Implications:

- 5.3 There are no direct implications. The ROM package will address and promote the risk management aspects of equalities

Sustainability Implications:

- 5.4 There are no direct implications. The ROM package will address and promote the risk management aspects of sustainability and will be measured by the Audit Commission's Use of Resources assessment.

Crime & Disorder Implications:

- 5.5 There are no direct implications.

Risk and Opportunity Management Implications:

- 5.6 The ROM Strategy is focussed on improving the quality and consistency of risk & opportunity management of the council's activities.

Corporate / Citywide Implications:

- 5.7 There are no direct implications

SUPPORTING DOCUMENTATION

Appendices:

1. Corporate Risk Register 2008 – 09 ((Updated 12 November 2008)

Documents In Members' Rooms




1. None

Background Documents

1. ROM Strategy 2008 -2011
2. ROM Toolkit (I DO RM)

**Brighton & Hove City Council
Corporate Risk Register 2008/2009
(updated at TMT 12 November 2008)**

The Theoretical Risk Scenarios are set in order of highest risk score

| Risk No. | Risk Summary | Risk Scenario | Likelihood (L) Score | Impact (I) Score | Risk Score L x I (Dot indicates RAG rating) | Officers (Bold denotes Risk Owner, plain text details lead practitioner) | Council Priority |
|----------|--|---|----------------------|------------------|--|---|------------------|
| 3 | LONG TERM FUNDING FOR EDUCATIONAL PREMISES | The council will need to address the long term implications of the condition and deterioration of its educational premises in relation to delivering 21st century Education. It will need to consider and evaluate the available options, e.g. Building Schools for the Future, Primary Strategy and the Academy, and provide appropriate project resources in order to secure maximum investment for city schools. | 5 | 4 | 20  RED | Di Smith | 2 |
| 5 | COUNCIL HOUSING STOCK CONDITION | The Council faces a significant shortfall in the capital investment required to meet the Government's Decent Homes Standard (DHS) for Council Housing in 2010. The authority must re-examine its HRA and General Fund budgets, asset management, and service delivery to establish how the DHS can be met. | 4 | 5 | 20  RED | Joy Hollister Nick Hibberd | 4 |
| 14 | EQUAL PAY | All councils in the UK need to review and revise their pay schemes to ensure full compliance with equal pay legislation. Failure to do so may result in litigation and industrial relations problems. Robust evaluation of all jobs and negotiation with trade unions on resolving any back pay liability and establishing fair pay schemes into the future needs to be carefully undertaken to ensure the most cost effective outcome (in an increasingly complex national legal environment). | 5 | 4 | 20  RED | Alex Bailey Shaun Rafferty | 4, 2, 3 |

Council priorities:

- 1 = Protect the environment while growing the economy
- 2= Make better use of public money
- 3= Fair enforcement of the law
- 4= Reduce inequality by improving opportunities
- 5 = Open and effective city leadership

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|----------|-----------------|--|----------------------|------------------|--|--|------------------|
| 5 | BRIGHTON CENTRE | The needs of the conference and convention market are increasingly unmet by the ageing Centre. The economy of the city relies heavily on the revenues brought in by this market. A significant opportunity to provide world class convention and hotel facilities and enhance city centre retailing exists. The redevelopment scheme under negotiation provides a realistic and cost effective solution in uncertain funding markets | 5 | 4 | 20  RED | Alex Bailey David Fleming | 1 |
| 6 | MAJOR PROJECTS | The successful delivery of our major building and infrastructure projects, linked to high quality architecture and an efficient rapid transport system, has a direct impact on the city's reputation as a successful place to do business for investors and funders alike. In light of the international and national economic downturn and financial markets, the city needs to continue to secure the confidence and funding to prioritise and deliver those projects which have the greatest change of success. It will be important to encourage a stronger focus on pre-application planning activity to inform the development process from an early stage to help minimise the risks associated with projects not securing planning permission. | 4 | 4 | 16  RED | Scott Marshall & Jenny Rowlands David Fleming, Martin Randall | 1 |

Council priorities:

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|----------|---|---|----------------------|------------------|--|---|------------------|
| 13 | WASTE REDUCTION & DISPOSAL | The Waste PFI is progressing & new facilities are completed or are under construction. There are continuing & increasing demands, e.g. clarification of definition of Waste by DEFRA, penalties/fines for exceeding the Government imposed limits on landfilling of biodegradable waste. It is essential that the arrangements that the council has put in place deliver a successful and cost-effective solution, that delays in building a new waste infrastructure are minimised, and the waste levels are curtailed and recycling rates increased | 4 | 4 | 16  RED | Jenny Rowlands Gillian Marston | 2 |
| 7 | BUSINESS CONTINUITY CAPACITY | The council's ability to withstand short term or long term interruption to the delivery of its services will need to be effective and enable continual delivery of quality services. This involves pro-active measures to protect against interruption and effective planning, which is regularly tested & reviewed, to enable recovery to predetermined operating levels in the shortest time possible and at the best cost | 4 | 4 | 16  RED | Jenny Rowlands & Catherine Vaughan Judith Macho, Robin Humphries | All |
| 10 | SUSTAINABLE FUNDING FOR IMPROVING SOCIAL ISSUES | In a city where there are challenging social issues and problems, much of the preventative and intervention work is funded by short-term initiative or grant monies. There is a need to improve the integration of both initiative and mainstream financial planning across priority areas and major partnerships (e.g. LAA, PSB, CDRP, CYPT) to ensure work is focused and sustained to enable longer term measurable improvement. | 5 | 3 | 15  RED | Jenny Rowlands & Di Smith Judith Macho, G Cunliffe | 4, 2 |

Council priorities:

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**Brighton & Hove City Council
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|----------|---|--|----------------------|------------------|--|--|------------------|
| 15 | IMPROVING CONTRACT MANAGEMENT & COMPLIANCE | The council has a large number of contracts of various types and complexities, including "one-offs" and partnerships. Reviewing and monitoring procedures for these need to improve so that there is consistency and the standard of outcomes are improved. This will also enable Health & Safety risks - such as the control of Asbestos to be managed and minimised | 3 | 4 | 12  AMBER | Catherine Vaughan Mark Ireland, Claire Jones | 2 |
| 11 | A DESERVED REPUTATION FOR EXCELLENCE AND A STAFF CULTURE TO DELIVER | Despite real progress improving services the City Council's reputation at national, regional and local level is not where it needs to be to gain maximum opportunities for our residents. The need is to focus on: <ul style="list-style-type: none"> • Achieving excellent and cost effective services in the eyes of our residents and partnerships • Proactively engaging with our regulators and their frameworks to demonstrate this excellence • Building a reputation nationally and locally as a city and City Council that delivers and plans well for the future • Ensure communications with residents, partners and staff are clear and focus on priority activities | 4 | 3 | 12  AMBER | Alex Bailey Anthony Zacharzewski, John Shewell, Janice Millman | 5 |

Council priorities:

- 1 = Protect the environment while growing the economy
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|----------|-----------------------------------|--|----------------------|------------------|--|---|------------------|
| 2 | FINANCIAL OUTLOOK FOR THE COUNCIL | The resource projections for funding under the current local government finance system are overstated resulting in the proposed council tax increases and savings being insufficient to deliver a balanced budget. Service and financial planning is not well integrated over the medium term so action taken is short term and unsustainable. Income comes under pressure during economic downturn, including investment income. Equal Pay and Pensions put extreme pressure on forward financial plans. The next Comprehensive Spending Review, effective from 2011/12, may be very tough for Local Government. | 3 | 4 | 12  AMBER | Richard Szadziwski Nigel Manvell | 2 |
| 6 | CIVIL RESILIENCE | The Civil Contingencies Act 2004 requires all councils to have in place documented and tested plans to be implemented in the event of an emergency. Whilst the council has made progress, the partnership arrangements of the local resilience forum will alter the Sussex-wide strategy for managing incidents and the impact on the council is unknown and is expected to necessitate a review of our approach. Category 1 Responders under the Act are expected to seek accreditation under a new British Standard (BS25999) to do this will require investment and resources. | 3 | 4 | 12  AMBER | Jenny Rowlands Judith Macho, Philip de Leon | 5, 1 |

Council priorities:

- 1 = Protect the environment while growing the economy
- 2= Make better use of public money
- 3= Fair enforcement of the law
- 4= Reduce inequality by improving opportunities
- 5 = Open and effective city leadership

**Brighton & Hove City Council
Corporate Risk Register 2008/2009
(updated at TMT 12 November 2008)**

The Theoretical Risk Scenarios are set in order of highest risk score

| Risk No. | Risk Summary | Risk Scenario | Likelihood (L) Score | Impact (I) Score | Risk Score L x I (Dot indicates RAG rating) | Officers (Bold denotes Risk Owner, plain text details lead practitioner) | Council Priority |
|--|--|---|----------------------|------------------|---|---|------------------|
| 17 | INVESTING IN THE CITY'S SUSTAINABLE FUTURE | Brighton & Hove is well placed to effectively develop a Sustainable future. It is a relatively compact city with some notable successes and progressive partnerships which recognise the sustainability of the city as a priority. Taking up opportunities to maximise improvements and taking action to manage threats will be key to success and will demonstrate cohesive, city wide leadership across partners which satisfies the public appetite for sustainability and generates further public support | 3 | 4 | 12  AMBER | Alex Bailey Anthony Zacharzewski, Thurstan Crockett | |
| THE FOLLOWING RISKS WERE REMOVED FROM THE CORPORATE RISK REGISTER ON 12 NOVEMBER 2008 | | | | | | | |
| 16 | COMMUNICATIONS & CULTURAL CHANGE NOW REMOVED | Communications with residents, our partners and staff must be clear and focused on our priority activities. They must recognise the two way nature of communications and use best practice approaches to support council priorities and the required cultural changes required to gain the deserved reputation for excellence | 3 | 3 | 9  AMBER | Alex Bailey John Shewell & Janice Millman | |
| 4 | IMPACT OF CHANGES IN THE LOCAL HEALTH ECONOMY & ADULT SOCIAL CARE SERVICES NOW REMOVED | The city's health care issues are managed by well established partnerships and the Strategic Commissioning Group for Community Services for Adults & Older People. A significant challenge remains which may impact on service delivery, i.e. Patient Flows ("Right Care, Right Place") – affects council's role to provide/commission and oversee more intermediate, intensive and short term care as a result of the reduction in length of hospital stay and hospital beds available and the move to more care in the community. | 3 | 3 | 9  AMBER | Joy Hollister Denise D'Souza | |

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