

Adult Social Care & Housing

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
79	Housing Strategy	4,746	4,746	-	0.0%
800	Adult Social Care	38,329	39,140	811	2.1%
879	Total	43,075	43,886	811	1.9%

Explanation of Key Variances

The Directorate's budget was set to reflect growth predictions assessed using data analysis from nationally recognised social care and health models (POPPI and PANSI) and local trends. Predicting growth is not an exact science and there is now clear evidence of people living longer and having increasing needs.

Pressures of £2.176 million have been identified for the year to date as follows: Across the Community Care corporate critical budget, which has a predicted overspend variance of £1.704 million, the straight-line forecast indicates that there will be net growth of 350 clients compared to the budgeted level unless actions to manage demand take effect over the remainder of the year. Joint Needs Assessments are undertaken each year to predict levels of demand but there are so many contributing factors that demand can be difficult to estimate reliably, particularly in the short term. This year, there has been an increase in the number of older and frailer clients whose packages are at a higher cost due to their complex needs and there is also evidence of increasing length of stay within services. Growth was anticipated in Physical Disability services, however there is a 26% increase above that level, mainly in homecare services.

The other main variance is an overspend on Older People & Physical Disability mainstream services of £0.173 million where anticipated efficiency savings are still being worked through.

Strategies are in place to work towards eliminating the overspend. Management actions already in place are expected to offset the pressures and significantly reduce the potential overspend. Actions include:

- Ensuring appropriate funding streams are used to meet the costs of complex need cases and Disabled Living Allowance /Independent Living Fund are maximised. Expected to generate £0.500million;
- Robust application of Fair Access to Care Services criteria saving £0.080 million;
- Maximising benefits and ensuring that attendance allowance and other benefits are used to purchase domiciliary and other 'low level' requirements saving approximately £0.100 million;
- At review, ensuring that Fair Access to Care Services criteria is applied and care repackaged to ensure new services are fully utilised (e.g. Community Solutions/Telecare etc.) saving approximately £0.300 million;
- Continuing the review of No Recourse to Public Funds cases and maximising client benefits to reduce forecast costs by £0.200 million;
- Operating a vacancy control system and controls over agency staff costs saving approximately £0.164 million.

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The remaining risks on Adult Social Care leading to the forecast overspend of £0.811 million are:

- Physical Disabilities with a projected overspend of £0.600 million because of the complex caseload and the continued growth in client numbers;
- Other service user groups with a projected overspend of £0.200 million reflecting current caseload.

Children & Young People's Trust

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
407	Area Integrated Working	26,002	26,686	684	2.6%
(10)	Learning , Schools & Skills	(4,014)	(4,014)	-	0.0%
854	Citywide Services	30,168	31,247	1,079	3.6%
156	Commissioning & Governance	1,992	2,094	102	5.1%
(300)	Vacancy Management	-	(300)	(300)	0.0%
1,107	Total	54,148	55,713	1,565	2.9%

Explanation of Key Variances

Much of the pressure facing CYPT has arisen as a result of the aftermath of Baby P and the implementation of the recommendations of the subsequent Laming Report. The effect of the Baby P case has been felt nationally and there is now evidence cited in a recent Price Waterhouse Coopers report that, 'this has resulted in higher referrals and increases in care order applications'.

In Brighton and Hove there has been a significant and sustained increase in activity in terms of referrals to social care (at times up to 61%). This has resulted in a 33% increase in the number of children with a child protection plan and a 12% increase in the number of looked after children as at June 2009.

This increase in activity has had a knock on effect on the corporate critical budget of Child Agency and In House Placements which is forecasting an overspend of £0.999 million. Overspends on Independent Foster Agency¹ of £0.981 million and Secure Accommodation² of £0.518 million are partly offset by an underspend of £0.515 million on Residential Agency Placements³. Individual placement costs compare favourably with other local authorities but the number of looked after children is rising.

With the significant rise in referrals, the main focus has been on ensuring the delivery of a safe service, fulfilling statutory obligations and tackling issues relating to the recruitment and retention of social work staff. An independent review of assessment and referral arrangements has been undertaken which indicates that thresholds are broadly at the right level. Management action is now focussed on addressing the long term impact of this increase in activity and tackling the impact on resources. A work programme is underway to tackle issues such as pre-birth planning, early permanence and a review of early intervention strategies.

The increased activity in terms of care order applications combined with changes introduced as a result of the Public Law Outline has required additional legal support and legal fees are currently forecast to overspend by £0.270 million.

¹ Independent Foster Agency – 35 placements higher than budgeted for

² Secure Accommodation – 3 placements higher than budgeted for.

³ Residential Agency – 36 placements which is 6 fewer than budgeted for

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The main overspend within Area Integrated Working is £0.458 million on Preventative Payments. This relates to the ongoing costs relating to homeless families, payments to 'friends & relatives' carers and provisions. Joint work with Adult Social Care and Housing is underway to determine appropriate cross departmental action.

To partly address the overspend, a Vacancy Management target of £0.300 million is included in the forecast; the aim is to achieve savings without impacting on social workers and statutory staffing.

Finance & Resources

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
(134)	Finance	6,177	6,043	(134)	-2.2%
(200)	ICT	5,703	5,533	(170)	-3.0%
(58)	Customer Services	3,873	3,747	(126)	-3.3%
320	Property & Design	3,012	3,400	388	12.9%
(72)	Total	18,765	18,723	(42)	-0.2%

Explanation of Key Variances

Finance and ICT projected underspends are due to higher than normal levels of staff turnover and vacancy management actions to assist the overall financial position.

The main pressure in Customer Services relates to an expected shortfall in land charge income of £0.192 million due to the continued downturn in the housing market and the competition from private sector search companies. The corporate critical Housing Benefit budget is expected to generate an additional £0.300 million in subsidy, as local authority errors are predicted to be held below the government threshold.

Property & Design is forecasting a shortfall against commercial rent income of £0.370 million. The main loss is due to rent/lease renewals being on lower terms than expected due to the continuing economic downturn; there has also been a slight increase in the number of voids. Income on this budget is particularly sensitive to the current market conditions and is being monitored very closely. Underperforming properties are kept under review, for example, Charter Hotel which is reported on elsewhere on the agenda. The council is also extending some payment arrangements as part of its recession relief measures to help businesses.

Additional financial controls are being implemented to contain other cost pressures within the service.

Strategy & Governance

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
-	Improvement & Organ Devel	1,663	1,663	-	0.0%
-	Legal & Democratic Servs	3,055	3,055	-	0.0%
70	Policy Unit	3,064	3,064	-	0.0%
-	Human Resources	3,605	3,605	-	0.0%
-	Executive Office	577	577	-	0.0%
-	Communications	576	576	-	0.0%
70	Total	12,540	12,540	-	0.0%

Explanation of Key Variances

A breakeven position is projected despite emerging pressures estimated at £0.295 million. These relate to: a drop in legal income because of downturn in the property market; recruitment costs; and Policy Unit salary and partnership budgets. The following plan is in place to address the pressures:

- £0.080 million is likely to be secured via additional LPSA Stage 2 funding for area mapping using BHLIS (Brighton & Hove Local Intelligence Service) and for Community Engagement work.
- Developing additional external and internal income streams across the directorate could achieve a further £0.070 million.
- It is anticipated that a further £0.145 million could be achieved from a combination of reviewing current committee agenda printing costs, evaluating electronic meeting management and member travel costs and early identification of deliverable underspends, particularly in Human Resources, Communications and Improvement & Organisational Development.

Environment

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
-	City Services	29,700	29,700	-	0.0%
100	Sport & Leisure	2,225	2,325	100	4.5%
63	Sustainable Transport	(911)	(758)	153	16.8%
-	Public Safety	4,825	4,805	(20)	-0.4%
240	City Planning	2,311	2,701	390	16.9%
(163)	Vacancy Management	-	(109)	(109)	0.0%
240	Total	38,150	38,664	514	1.3%

Explanation of Key Variances

The Sport & Leisure budget is forecast to overspend due to increased energy costs.

Sustainable Transport are forecasting a very small shortfall of £0.047 million from parking income. Additional on-street and permit receipts are primarily being offset by shortfalls in penalty charge notice (PCN) income and a shortfall at The Lanes car park due to the works taking longer than originally anticipated. A cost pressure also exists on bus system and traffic signal maintenance.

There are two main reasons for the overspend on City Planning. The legal fees associated with the Marina Development appeal are expected to cost £0.250 million.

Due to economic conditions, there has also been a decline in the number of planning applications, in particular those for large residential schemes, which has led to a forecast shortfall in income of £0.140 million.

The directorate is endeavouring to improve the financial position by keeping all services under constant review and taking action where feasible to reduce expenditure and raise additional revenue. Budgets are under severe pressure and options for savings may be limited but vacancy management has been introduced with immediate effect to try and mitigate overspends. The vacancy management will need to be carefully managed to ensure the impact on service delivery is minimised.

Culture & Enterprise

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
25	Tourism & Venues	1,675	1,750	75	4.5%
-	- Libraries & Information Services	4,301	4,301	-	0.0%
190	Royal Pavilion & Museums	2,241	2,431	190	8.5%
17	Culture & Economy	3,414	3,431	17	0.5%
-	- Major Projects & Regeneration	476	476	-	0.0%
232	Total	12,107	12,389	282	2.3%

Explanation of Key Variances

The Directorate has instigated management action to contain the forecast overspend and progress towards a balanced position. The financial recovery actions include maximising income from events, holding vacant posts across the Directorate, and reducing spend on supplies and services.

Tourism and Venues is forecasting an overspend due to business rates revaluation and unbudgeted repairs works at the Brighton Centre on the soil waste pipes. Venues will continue to maximise income to meet budget pressures and will look to re-phase planned maintenance work to accommodate this within the available planned maintenance budget (PMB) and reduce pressure on the venues budget.

Income at the Royal Pavilion and Museums is expected to be £0.250 million below target with energy pressures of £0.040 million. These pressures are partly offset by vacancy management and other efficiencies within the service. Additional actions include retail product introduction and driving up profit margins; introduction of events to compensate for losses on corporate functions and weddings.

Centrally Managed Budgets

Forecast		2009/10	Forecast	Forecast	Forecast
Variance	Division	Budget	Outturn	Variance	Variance
Month 3		Month 4	Month 4	Month 4	Month 4
£'000		£'000	£'000	£'000	%
-	Bulk Insurance Premia	2,960	2,960	-	0.0%
(220)	Concessionary Fares	7,345	7,125	(220)	-3.0%
(375)	Capital Financing Costs	10,319	9,944	(375)	-3.6%
-	Levies & Precepts	195	195	-	0.0%
(150)	Other Corporate Items	5,348	5,198	(150)	-2.8%
(745)	Total	26,167	25,422	(745)	-2.8%

Explanation of Key Variances

The concessionary bus fares budget is forecast to underspend by £0.220 million due to the increase in journey numbers for the first three months being below the 10% increase in journey numbers that was allowed for in the budget. The overall increase in journey numbers was 4.2% in April, 3.1% in May and 7.6% in June, however within this there are routes heading for Saltdean, Peacehaven and Eastbourne that have seen a much higher increase in concessionary journeys. There has only been one appeal to the Department of Transport in respect of the 2009/10 scheme which is from Stagecoach South. The outcome of the appeal is not expected until the start of the next calendar year and in the meantime discussions continue with Stagecoach South in respect of an additional capacity cost claim.

The collection fund is currently forecast to come in on budget. However, it is hoped that the number of new properties added to the valuation list through the course of the year, will exceed the anticipated increase in exempt student properties so that there will be a net increase in the number of properties, which will improve the position.

There is a forecast £0.375 million underspend on Financing Costs (after a contribution from the interest rate reserve of £0.900 million).

Contingency is forecast to underspend by £0.150 million.

The forecast assumes the transfer of £0.700 million from contingency to support Building Schools for the Future; this transfer is dependent on a break even revenue outturn position. There is also £0.750 million still held as risk provision which is currently unallocated.

Section 75 Partnerships

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
53	Council managed S75 Servs	23,804	23,804	-	0.0%
336	NHS Trust managed S75 Servs	13,540	13,832	292	2.2%
389	Total S75	37,344	37,636	292	0.8%

Explanation of Key Variances

Council managed S75 services (Learning Disabilities) are forecasting a breakeven position. A financial recovery plan of £1.9 million is in place and the forecast assumes achievement of this target. To date, £0.878 million has been achieved as a result of panels ensuring that eligibility criteria (FACs) are applied robustly; there are also cost reductions from Preston Drove remodelling and the Home Care review. Discussions with the PCT are ongoing on complex cases which are considered eligible for Continuing Health Care or Joint Funding which it is anticipated will address the remaining element of the Financial Recovery Plan.

NHS Trust managed S75 services are forecasting an overspend of £0.292 million as follows:

- Sussex Partnership Foundation Trust (SPFT) – Mental Health & Substance Misuse is overspending by £0.292 million due to increases in the number and cost of homecare placements in Adult Mental Health.
- South Downs Health Trust – is forecasting a small overspend of £0.009 million, due to a small pressure on the community equipment budget. The Trust expects to manage this pressure.

Generally, the S75 Partnership Agreements require the Integrated Service Providers (SPFT and SDH) to manage in-year cost pressures and carry this risk, subject to any agreement by the partners to vary risk-sharing provisions within the agreements. However, in practice, overspends can arise for a combination of unplanned provider and/or commissioning reasons and therefore overspends often need to be resolved jointly by commissioners and the provider/s by agreeing new risk sharing parameters. Risk share arrangements and ways of controlling expenditure are being actively discussed with SPFT to ensure that the current pressure is managed.

Housing Revenue Account (HRA)

Forecast Variance Month 3 £'000	Housing Revenue Account	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
(378)	Employees	9,266	8,748	(518)	-5.6%
(146)	Premises – Repair	10,728	10,659	(69)	-0.6%
9	Premises – Other	3,038	3,047	9	0.3%
(41)	Transport & Supplies	2,113	2,106	(7)	-0.3%
2	Support Services	2,251	2,232	(19)	-0.8%
140	Revenue contribution to capital	5,034	5,174	140	2.8%
(628)	Capital Financing Costs	4,356	3,743	(613)	-14.1%
922	Subsidy Payable	11,083	11,995	912	8.2%
(120)	Net Expenditure	47,869	47,704	(165)	-0.3%
5	Dwelling Rents (net)	(41,168)	(41,084)	84	0.2%
-	Other rent	(1,222)	(1,237)	(15)	-1.2%
75	Service Charges	(3,861)	(3,782)	79	2.0%
20	Supporting People	(564)	(544)	20	3.5%
104	Other recharges & interest	(1,054)	(968)	86	8.2%
204	Net Income	(47,869)	(47,615)	254	0.5%
84	Total	-	89	89	

Explanation of Key Variances

The forecast spend has marginally increased to a projected overspend of £0.089 million compared to the overspend of £0.084 million forecast at month 3.

- TBM month 3 showed a forecast underspend on Employees of £0.378 million due to the anticipated pay award being lower than budgeted for and vacancy management, this underspend has increased to £0.518 million. Vacancy management continues to be the major factor pending reviews to be implemented as part of the Housing Management improvement programme.
- Premises- Repairs are projected to underspend by £0.069 million (£0.146 million in month 3). This is due to the new service contracts being implemented later than expected. The change from month 3 is due, in part, to an increase in rates for Lift Servicing taking effect from August.
- Revenue Contributions to Capital, continues to be projected as a £0.140 million overspend. The capital projection variation relating to 6 major voids was approved at TMT cabinet on 29 June 2009.
- The current economic situation has led to a change in the corporate policy towards Treasury management. In order to substantially reduce its

exposure to risk, the council has prematurely repaid some £57 million of debt. This early repayment has also benefited the council by reducing capital financing costs of which the HRA has seen a reduction of £0.525 million, (i.e. £0.613 million capital financing costs underspend net of £0.088 million interest reduction shown under Income). However, for the HRA, due to the complexities of the subsidy system, there is also an increase of £0.912 million Housing Subsidy payable to central government resulting in a net overspend of £0.387 million.

The council is monitoring the financial markets and when there are signs that the markets are returning to a more stable and secure outlook, these interim measures will be withdrawn and new borrowing will be raised. If and when this happens, the negative impact on the HRA will be revised.

- The amount the council charges its leaseholders of sold council flats for major works is projected to under-achieve by £0.075 million. The amount that can be charged to leaseholders is dependant upon the completion of capital schemes within a strict timescale. The budget for income relating to major works anticipated schemes completing earlier than was the case. However, it should be noted that any income not received during 2009/10 will be receivable in the next financial year.
- Dwellings rents are likely to underachieve by £0.080 million due to Temporary Accommodation properties being held vacant pending conversion of shared facilities.