

Adult Social Care

Forecast Variance Month 9 £'000	Division	2009/10 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
729	Adult Social Care	38,110	38,930	820	2.2%
729	Total	38,110	38,930	820	2.2%

Explanation of Key Variances

The overspend of £0.820 million is after the delivery of a financial recovery plan of £0.532 million on community care to deal with the significant pressures being experienced, in particular growth in home care and residential care for people with physical disabilities.

The overspend has increased by £0.091 million (0.2% of budget) since TBM9, due mainly to planned reductions in Community Care spend not materialising.

Strategies and associated management actions put in place during the year have helped to offset in year pressures and reduced the overspend. Actions included:

- Ensuring appropriate funding streams are used to meet the costs of complex need cases and Disabled Living Allowance /Independent Living Fund are maximised.
- Robust application of Fair Access to Care Services criteria;
- Maximising benefits and ensuring that attendance allowance and other benefits are used to purchase domiciliary and other 'low level' requirements;
- 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.);
- Operating a vacancy control system and controls over agency staff costs.

Children & Young People's Trust

Forecast Variance	Division	2009/10 Budget	Forecast Outturn	Forecast Variance	Forecast Variance
Month 9		Month 12	Month 12	Month 12	Month 12
£'000		£'000	£'000	£'000	%
(726)	Director	695	(86)	(781)	-112.4%
1,585	Area Integrated Working	30,698	32,350	1,652	5.4%
138	Learning , Schools & Skills	5,083	4,993	(90)	1.8%
903	Commissioning & Governance	13,064	14,241	1,177	9.0%
1,948	Total	49,540	51,498	1,958	4.0%

Explanation of Key Variances

Director (£0.781 million underspend) - this budget area relates to the staffing budget of the Director, Assistant Directors and administration support teams. This budget area underspend mainly related to unallocated budget to offset the overall Directorate position, in particular the decision to switch £0.682 million from Dedicated Schools Grant (DSG) funding of Area Based Grant (ABG) areas in view of the size of the directorate overspend.

Area Integrated Working (£1.652 million overspend), this branch leads on the development of integrated area working, including early intervention and prevention. Area working includes the Youth Service, Children's Centres, Education Psychology Service (EPS), Education Welfare Service (EWS), frontline social work teams; Leaving Care team and the Fostering Service.

Area Social Work Teams overspent by £0.062 million due mainly to agency/sessional staff and transport costs. Legal fees are included within this division and these overspent by £0.912 million. Legal expenses increased due to changes in the law by the Public Law Outline (PLO). This was due to several factors, primarily the significant increase in the number of children being referred for care proceedings in line with the national trend. In addition, Court Fees have been increased by the Ministry of Justice and Court issue fees have increased from £175 to over £4,000 per fully contested case.

The other main overspend within this branch is £0.446 million on Preventative Payments. This relates to the ongoing costs relating to homeless families, payments to 'friends & relatives' carers and provisions.

The forecast reflects the requested contribution to a Connexions/Prospects Pension Reserve Account as explained in the main body of the report.

Learning, Schools & Skills (£0.090 million underspend), this branch has responsibility for disability and educational agency placements, school admissions and transport, school funding including Schools Forum and Healthy Schools. The AD also leads on involving schools in the next phase of development of the Children and Young People's Trust. The main area of overspend related to Home School Transport £0.138 million offset by underspends on disability agency placements £0.087million, and other areas £0.141 million.

Commissioning & Governance (£1.177 million overspend), this branch is involved in taking the lead on ensuring best outcomes for Children in Care and also leads on behalf of the Children and Young People's Trust and Brighton & Hove PCT on the commissioning of services for children, young people and their families. In addition the branch is responsible for the budget for individual placements for children and developing the new Children and Young People's Plan which will drive the next phase of the CYPT. More information on the corporate critical overspend can be found in Appendix 3. There has been a significant and sustained increase in activity in terms of referrals to social care (at times up to 61%) following Baby P and the Laming recommendations. 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 from July 2008 to June 2009. The main area of overspend in this area related to Independent Foster Agency Placements of £1.110million.

A plan was put into place during the financial year to address the overspend and included a number of short, medium and longer term actions.

In summary the actions included:

- Realignment of existing prevention provision to target families most at risk
- Review of placements for Looked After Children on an agreed cycle
- Targeted recruitment of in-house foster carers
- Review use of mother and baby placements
- Review of contracted services and application of VFM approach
- Develop proposals for permanency planning
- Review of costs relating to court proceedings/use of experts and ISW's

It is difficult to quantify the effect the actions outlined above have had on the outturn position, although the financial impact will be greater in 2010/11 as the full year implications are realised.

Finance & Resources

Forecast Variance Month 9 £'000	Division	2009/10 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
(214)	Finance	5,194	5,032	(162)	-3.1%
(191)	ICT	5,644	5,277	(367)	-6.5%
(217)	Customer Services	3,544	3,293	(251)	-7.1%
478	Property & Design	2,200	2,699	499	22.7%
(144)	Total	16,582	16,301	(281)	-1.7%

Explanation of Key Variances

Finance underspent due to a reduction in external audit fees resulting from productivity improvements within the Internal Audit service which now undertakes work previously conducted by external audit and higher than normal levels of staff turnover and associated vacancy management actions that were in place to assist the overall financial position.

ICT underspent due to one-off savings on licence agreements and staff turnover/vacancy management. The underspend improved in the last quarter due to increased cost recovery and savings on software costs.

The main pressure in Customer Services related to a shortfall in income on land charges and Bereavement Services of £0.110 million. The shortfall on land charges of £0.080 million is due to the downturn in the housing market and the competition from private sector search companies. These pressures were offset by the corporate critical Housing Benefit budget which was £0.624 million under budget. Additional subsidy was received as local authority errors were held below the government threshold and therefore attracted additional subsidy. Further subsidy was also received following the audit of the 2008/09 final subsidy claim. The outturn on Housing Benefits is very difficult to predict accurately due to the significant value of transactions (circa. £170 million) as a small change in performance can have a significant impact on the net outturn. Savings were also generated on salary budgets within Revenues & Benefits.

The Customer Services outturn includes contributions to a grounds maintenance reserve in Bereavement Services and a Land Charges reserve, which are explained in more detail in the main body of the report.

Property & Design had a shortfall against commercial rent income of £0.400 million. The main loss is due to rent/lease renewals being on lower terms than expected due to the economic downturn; overall 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. Various measures are in place to manage and minimise the existing pressure, such as aggressive marketing, offering small businesses the option to pay rent in monthly instalments rather than quarterly, and negotiating short term lets to minimise voids. The shortfall against budget would have been approximately double without such action.

Strategy & Governance

Forecast		2009/10	2009/10	2009/10	2009/10
Variance	Division	Budget	Outturn	Variance	Variance
Month 9		Month 12	Month 12	Month 12	Month 12
£'000		£'000	£'000	£'000	%
(30)	Improvement & Organ Devel	1,646	1,571	(75)	-4.6%
0	Legal & Democratic Servs	3,157	3,131	(26)	-0.8%
0	Policy Unit	3,618	3,633	15	0.4%
(80)	Human Resources	4,921	4,793	(128)	-1.3%
40	Executive Office	574	650	76	13.2%
114	Communications	587	859	272	46.3%
44	Total	14,503	14,637	134	1.4%

Explanation of Key Variances

The key financial pressures in Strategy & Governance relate to the Communications budget. Partly these have arisen from shortfalls in income generation and cost recovery. In addition work has been carried out to unify the council's identity and ensure greater consistency and effectiveness of the council's engagement with residents that should have long term benefits for the city. A Value for Money review of communications has been undertaken and proposals developed to ensure more savings can be made in this area from 2010/11.

Actions were taken elsewhere in the Directorate to offset this overspend during 2009/10, carefully monitoring all budget areas, minimising cost and increasing all available income where possible to try and achieve breakeven. The recharging of appropriate costs of supporting project work by Human Resources has contributed to this.

Environment

Forecast Variance Month 9 £'000	Division	2009/10 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
(1)	City Services	21,973	22,133	160	0.7%
(188)	Sport & Leisure	1,999	1,864	(135)	-6.8%
1,002	Sustainable Transport	(659)	132	791	120.0%
(85)	Public Safety	5,441	5,334	(107)	-2.0%
304	City Planning	2,752	3,252	500	18.2%
1,032	Total	31,506	32,715	1,209	3.8%

Explanation of Key Variances

City Services is £0.160 million over budget due to additional costs resulting from the adverse winter weather.

Sport & Leisure underspent due to additional income and efficiency measures within the service.

The total forecast for Sustainable Transport is an overspend of £0.791 million, an improvement of £0.211 million since month 9. The variance is analysed as below:

- Penalty charge income fell short of budget by £0.412 million; there were 11% fewer tickets issued than for the previous year.
- Income from all on-street and off-street parking and permit income came in under target by £0.651 million. Permit income exceeded budget, as did the newly refurbished London Road Car Park. The Lanes Car Park exceeded targets for the latter part of the year, post refurbishment, despite the poor weather, but came in over budget for the year due to the reduced capacity at the start of the year. All other off street car parks came in slightly better than budget. On street parking revenue was hit hard by the extreme weather in December and January, and the lack of take up for the new Preston park scheme.
- A reduction in the level of expenditure on supplies and services led to an underspend against budget of £0.207 million.

The Public Safety underspend of £0.107 million is due to vacancy management savings and underspends on associated work in Trading Standards.

The City Planning overspend of £0.500 million is partly due to the loss of Housing and Planning Delivery Grant which was not confirmed until late in the financial year and a reduction in income from planning fees even though the number of planning applications remained comparatively high. Other pressures included additional staff costs in Development Control and the cost of supporting planning appeals.

Housing, Culture & Enterprise

Forecast Variance Month 9 £'000	Division	2009/10 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
190	Tourism & Venues	1,713	1,960	247	14.4%
-	Libraries & Information Servs	3,036	2,973	(63)	-2.1%
229	Royal Pavilion & Museums	2,223	2,520	297	13.4%
(66)	Culture & Economy	3,136	2,995	(141)	-4.5%
	Major Projects & Regeneration	611	604	(7)	-1.1%
-	Housing Strategy	4,688	4,719	31	0.7%
353	Total	15,407	15,771	364	2.4%

Explanation of Key Variances

The Directorate instigated management action to attempt to contain the forecast overspend and progress towards a balanced position. This included tight control on filling vacant posts, spending only on essential items of supplies and services and tight accountability.

Tourism and Venues overspend increased from £0.190 million to £0.247 million mainly due to entertainment shortfalls, which totalled £0.189 million for the year. The adverse weather conditions contributed to this, with a reduced footfall for Holiday on Ice and a consequent reduction in income. There was also a business rates revaluation which led to overspends of £0.050 million. Venues are to put tighter controls on the casual staff budget and maximise recharges to promoters.

Libraries and Information Services achieved underspends of £0.063m compared to an on target position at month 9. This was due mainly to underspends in supplies and services and a small overachievement of income.

Royal Pavilion and Museums overspend increased from £0.229 million to £0.297 million, mostly due to continuing income underachievement. Overall, income at the Royal Pavilion and Museums was £0.386 million below target, an element of this related to two periods of severe winter weather when visitors were unable to make visits due to, for example, lack of public transport and treacherous road and pavement conditions. Furthermore the heating failed in the Royal Pavilion and was forced to close for 5 days. However, even when open, visitor numbers were down considerably with the weather conditions. Together with energy pressures of £0.125 million these pressures were partly offset by vacancy management and other efficiencies within the service. Additional actions included retail product introduction and driving up profit margins; introduction of events to compensate for losses on corporate functions and weddings.

Culture and Economy increased its underspend from £0.066 million to £0.141 million mainly due to increased income and vacancy management within Supported Employment.

Centrally Managed Budgets

Forecast Variance Month 9 £'000	Division	2009/10 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
(300)	Bulk Insurance Premia	2,827	2,330	(497)	-17.6%
(400)	Concessionary Fares	7,345	6,805	(540)	-7.4%
-	Area Based Grant	(13,954)	(13,954)	-	0.0%
(400)	Capital Financing Costs	3,994	3,396	(598)	-15.0%
-	Levies & Precepts	195	195	-	0.0%
(2,875)	Other Corporate Items	1,089	(1,759)	(2,848)	-261.5%
(3,975)	Total	1,496	(2,987)	(4,483)	-299.7%

Explanation of Key Variances

The outturn on Bulk Insurance Premia is an underspend of £0.497 million due in the main to the number and size of insurance claims during the year being less than anticipated. £0.100 million of the improved position relates to a contingency no longer needed for a policy excess on a large personal injury claim.

The concessionary fares underspend is due in the main to a sustained reduction in journey numbers to those originally budgeted for.

The underspend on Financing Costs is due to the council repaying debt primarily to reduce the council's exposure to investment risk, this has resulted in a net saving to the council. The position has improved in the last quarter due to higher than forecast investment income earned by our Cash Managers in March, and a higher value of cash flow investments than forecast in the last part of the year.

Under 'Other Corporate Items', the main variance is a saving of £1.275 million due to the pay award being confirmed at 1%, which is lower than the 2% included in the budget. The 2009/10 budget also included a contingency provision of £0.750 million which was used to offset general in-year pressures relating to social care demand and the economic situation.

Section 75 Partnerships

Forecast Variance Month 9 £'000	Division	2009/10 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
79	Council managed S75 Servs	23,710	23,754	44	0.2%
493	NHS Trust managed S75 Servs	13,486	13,486	-	0.0%
572	Total S75	37,196	37,240	44	0.1%

Explanation of Key Variances

Council managed S75 services (Learning Disabilities) delivered within 0.1% of budget and achieved £1.781million against the financial recovery plan of £1.971million for 2009/10. Further savings of £0.146 million were achieved across both in-house and community care budgets through expenditure control.

NHS Trust managed S75 services overspent by £0.527 million which has been balanced by contributions as set out below:

- Sussex Partnership Foundation Trust (SPFT) – Mental Health & Substance Misuse overspent by £0.450 million due to increases in the number and cost of residential placements in Adult Mental Health.
- South Downs Health Trust (SDHT) – overspent by £0.077 million, due to a staffing pressure on intermediate care services.

Generally, the S75 Partnership Agreements require the Integrated Service Providers (Sussex Partnership Foundation Trust and South Downs Health Trust) 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 providers.

For 2009/10 the Sussex Partnership Foundation Trust overspend of £0.450 million has been met from the one-off application of a Joint Commissioning Pot held for the development of mental health services (agreed by Joint Commissioning Board). South Downs Health Trust have been requested to fund the overspend against the services through the overall pooled budget.

Housing Revenue Account (HRA)

Forecast Variance Month 9		2009/10 Budget Month 12	Forecast Outturn Month 12	Forecast Variance Month 12	Forecast Variance Month 12
£'000	Housing Revenue Account	£'000	£'000	£'000	%
(398)	Employees	9,320	9,021	(299)	-3.2%
187	Premises – Repair	12,565	12,730	165	1.3%
55	Premises – Other	3,055	3,048	(7)	-0.2%
47	Transport & Supplies	2,099	1,832	(267)	-12.7%
(69)	Support Services	2,251	2,185	(66)	-2.9%
140	Revenue contribution to capital	3,220	3,390	170	5.3%
(742)	Capital Financing Costs	4,356	3,580	(776)	-17.8%
1,101	Subsidy Payable	11,083	12,238	1,155	10.4%
321	Net Expenditure	47,949	48,024	75	0.2%
(11)	Dwelling Rents (net)	(41,168)	(41,172)	(4)	0.0%
5	Other rent	(1,222)	(1,204)	18	1.5%
94	Service Charges	(3,861)	(3,676)	185	4.8%
(51)	Supporting People	(564)	(525)	39	6.9%
(22)	Other recharges & interest	(1,134)	(1,167)	(33)	-2.9%
15	Net Income	(47,949)	(47,744)	205	0.4%
336	Total	-	280	280	

Explanation of Key Variances

The provisional outturn shows an overspend of £0.280 million, a reduction in spend by £0.056 million compared to the Month 9 forecast.

Employees underspent by £0.299 million due to the pay award being lower than anticipated and vacancy management.

Premises - Repairs shows an overspend of £0.165 million, an decrease of £0.022 million compared to month 9. This includes the following variances:-

- Responsive Repairs has overspent by £0.630 million, an increase of £0.233 million compared to month 9. It was previously reported that this overspend was mainly due to high levels of expenditure during the early part of the year relating to additional works not in the base contract, such as damp proofing, being undertaken. During the winter months there was an increased level of works made necessary by the extreme weather.
- This overspend has been partly mitigated by the delay in implementing new service contracts (£0.203 million, now programmed to be implemented during 2010), efficiencies realised in the decorations contract (£0.102 million) and an underspend of £0.075 million on the programmed works budget.

Transport & Supplies has underspent by £0.267 million compared to a forecast overspend of £0.047 million at month 9. This includes the following variances:-

Item 16 Appendix 1

- A reduction of £0.132 million in the contribution towards the provision for bad debt following an improvement in rent collection and arrears.
- An underspend of £0.050 million on payments relating to Bed and Breakfast accommodation due to improved processes ensuring Housing Benefit is claimed.
- The balance of the underspend is due to various efficiencies across housing management office expenditure.

Revenue Contributions to Capital, overspent by £0.170 million. This was made up of £0.140 million relating to 6 major voids approved at TMT/Cabinet on 29 June 2009 and £0.030 million relating to fire risk works that have been accounted for in the capital programme.

It was previously reported that the current economic situation has led to a change in the corporate policy towards Treasury management. In order to substantially reduce the 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 £0.759 million, (i.e. £0.776 million capital financing costs underspend net of £0.017 million interest reduction shown under Income). However, for the HRA, due to the complexities of the subsidy system, there is also an increase of £1.155 million Housing Subsidy payable to central government resulting in a net overspend of £0.396 million. The council will continue to monitor 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.

Service Charges under achievement of income has increased to £0.185 million compared to £0.094 million in month 9. This increase is mainly due to an underachievement of leaseholder charges following lower than anticipated charges being levied.

