

AUDIT COMMITTEE

Agenda Item 31

Brighton & Hove City Council

Subject:	Targeted Budget Management (TBM) 2010/11		
Date of Meeting:	23 September 2010 (Cabinet)		
Report of:	Director of Finance & Resources		
Contact Officer:	Name:	Patrick Rice	Tel: 29-1333
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Key Decision:	Yes	Forward Plan No.	
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

1.1 This report sets out the revenue and capital forecast outturn position as at month 4.

2. RECOMMENDATIONS:

- (1) That the Cabinet note the provisional outturn position for the General Fund.
- (2) That the Cabinet note the provisional outturn for the Section 75 Partnerships and Housing Revenue Account (HRA) for 2010/11.
- (3) Approve the changes to the capital programme, as set out in appendices 3, 4, and 5.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

3.1 The table below shows the provisional outturn position for council controlled budgets within the General Fund and the outturn on NHS managed S75 Partnership Services.

Forecast Outturn Month 2 £'000	Directorate	2010/11 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
413	Adult Social Care	36,304	36,616	312	0.9%
781	S75 Learning Disability Services	23,200	23,826	626	2.7%
2,791	Children & Young People's Trust	50,620	52,273	1,653	3.3%
(8)	Finance & Resources	18,826	18,477	(349)	-1.9%
-	Strategy & Governance	12,005	12,120	115	1.0%
517	Environment	37,326	38,123	797	2.1%
-	Housing, Culture & Enterprise	16,557	16,606	49	0.3%
4,494	Sub Total	194,838	198,041	3,203	1.6%
(2,125)	Centrally Managed Budgets	27,134	24,719	(2,415)	-8.9%
2,369	Total Council Controlled Budgets	221,972	222,760	788	0.4%
225	NHS Trust managed S75 Servs	12,328	12,742	414	3.4%
2,594	Total Overall Position	234,300	235,502	1,202	0.5%

- 3.2 The Total Council Controlled Budgets line in the above table represents the total current forecast risk to 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. The forecast outturn on the HRA is as follows:

Forecast Outturn Month 2 £'000	Housing Revenue Account	2010/11 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Variance Month 4 %
(104)	Expenditure	48,202	47,988	(214)	-0.4%
104	Income	(48,202)	(47,950)	252	0.5%
-	Total	-	38	38	

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 Outturn Month 2 £'000	Corporate Critical	2010/11 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
2,156	Child Agency & In House	22,332	23,693	1,361	6.1%
467	Sustainable Transport	(1,362)	(956)	406	29.8%
(350)	Housing Benefits	175,500	175,150	(350)	-0.2%
-	Concessionary Fares	7,712	7,552	(160)	-2.1%
303	Community Care	23,125	23,378	253	1.1%
781	Section 75 Learning Disabilities	23,200	23,826	626	2.7%
3,357	Total Council Controlled	250,507	252,643	2,136	1.0%
225	S75 NHS & Community Care	12,328	12,742	414	3.4%
3,582	Total Corporate Criticals	262,835	265,385	2,550	1.0%

Value for Money Programme - Update

3.4 Efficiency savings (benefits realisation) from the council's six priority value for money projects for 2010/11 are fully incorporated in the above TBM forecast and Appendix 1. The savings planned from the Value for Money Programme over the next 4 years were set out in the 'Budget Process & Budget Update' report to Cabinet on 22 July 2010. The six priority areas are:

- **Adult Services** – introducing new models of delivery and 'Personalisation' for greater choice (e.g. Personal Budgets);
- **CYPT** – improving prevention, planning and delivery of care;
- **ICT** – improving investment decisions and reducing infrastructure costs;
- **Procurement** – making the best use of the council's buying power;
- **Sustainable Transport, Fleet and Outdoor Events** – reducing costs by organising and procuring services and fleet more efficiently;
- **Workstyles** – making more efficient use of our property estate by improving office working environments and using new IT to enable more flexible and mobile working.

3.5 Services have re-prioritised existing staffing and resources to ensure effective support for the delivery and implementation of these projects. The projects also include other 'invest-to-save' resources and costs where these are essential to lever in the substantial value for money gains. Some of these are funded from external sources, for example, the Adult Social Care Personalisation project is substantially supported by government Social Care Reform Grant in 2010/11.

3.6 Progress on individual projects to date is as follows:

Adult Social Care:

- Casework continues to be processed through the Resource Allocation System (RAS) which is now used to identify indicative allocations for Self-directed Support (e.g. Personal Budgets).
- A new RAS has been developed (SCAN) to manage low level needs cases.
- Market development continues with partners to improve the range of care and support (e.g. Personal Assistants) for those people taking up Self-directed Support.

CYPT:

- An increased number of cases are being processed through the Common Assessment Framework (CAF) to ensure that universal services and other interventions provide more cost effective care packages commensurate with needs.
- An auditing tool has been developed to provide quality assurance on CAF reviews.

ICT

- Business Engagement Manager roles have been established to improve business case development for new ICT investment decisions across the council;
- Development of Service Level Agreements are underway to ensure appropriate allocation of staffing and resources to systems and services;
- Comprehensive applications and contracts registers have now been set up to enable a review of system rationalisation possibilities. This is alongside the deployment of software to accurately assess levels of application usage;
- Exploring development of a strategic approach to EDRM (electronic document management).

Procurement

- Two 'invest-to-save' short term Category Managers have now been engaged (Fleet and ICT) to ensure delivery of procurement savings;
- A new procurement governance process has been developed to ensure tighter controls over procurement activity.

Sustainable Transport, Fleet and Outdoor Events

- Centralised Vehicle Replacement Programmes are being developed with CYPT and Adult Social Care to maximise fleet procurement, management and usage efficiencies.
- A review of commercial opportunities for increasing fees from outdoor events is now underway.

Workstyles

- Plans for the new Customer Service Centre and changes to office accommodation in Bartholomew House are progressing well and will enable the move of staff from Priory House through better flexible working arrangements and IT and will release substantial efficiency savings (i.e. reduced lease rentals).
- A strategic review of all of the council's operational property portfolio has been completed and is now being consulted on.

Capital Budget 2010/11

- 3.7 This part of the report details the expected capital programme outturn for 2010/11, highlights any programme slippage, details new schemes and budget changes and seeks approval for slippage to the 2011/12 programme. Appendices 3, 4 and 5 to this report shows in detail the proposed changes to the budget, resulting in a capital programme budget of £108.976 million.

Capital Forecast Outturn

- 3.8 As stated above, changes are proposed to the capital programme these are summarised in appendix 3.

Capital Overspends

- 3.9 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.
- 3.10 Project managers have identified that the net overspend on the capital programme amounts to £0.071 million of which the majority (£0.048 million) concerns the Horsdean Travellers site which has suffered from vandalism resulting in a overspend on the scheme. These overspends will be funded from within existing Directorate budgets.

Capital Slippage

- 3.11 No schemes have reported any slippage at this early stage.

Accounting adjustment

- 3.12 Within Housing, Culture & Enterprise and the Children & Young People's Trust there are PFI schemes for libraries and schools. Under the code of practice on local authority accounting and the introduction of International Financial Reporting Standards (IFRS) in 2010/11, the capital PFI lifecycle costs (for the replacement of components of assets as they wear out) now have to be included in the accounts. The planned programme for lifecycle replacement costs is identifiable from the operator's financial model. The amount identified for libraries is £0.027 million and for schools £0.108 million and these costs have been included in the 2010/11 budget column in appendix 2. The costs are funded by a contribution to capital from the revenue budget.

Capital Receipts

- 3.13 Capital receipts are used to support the capital programme. For 2010/11 the programme is fully funded, however, any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds such as the Strategic Investment Fund, Asset Management Fund and ICT Fund. Capital receipts (excluding housing) are estimated to be £1.125 million for 2010/11 of which £0.883 million has been received to date which includes the disposal of Cedars Lodge. This leaves £0.242 million of receipts to be achieved during the remainder of the financial year. Assets are actively being marketed to achieve the level of receipts budgeted for.
- 3.14 The level of sales of council homes through 'right to buy' affected by the current market conditions in house prices and both the higher cost and availability of mortgages in the current economic climate. The Government receive 75% of the proceeds of 'right to buy sales'; the remaining 25% is retained by the council and used to fund the capital programme. The estimated useable receipts for 'right to buy' sales is £0.492 million for this financial year and to date £0.078 million has been received.

Comments by the Director of Finance & Resources

- 3.15 The forecast outturn position on the revenue budget shows an improvement since month 2, the largest factor being an improved position on the corporate critical looked after children budget. Prompt action was initiated following the month 2 forecast to ensure rigorous review of the delivery of the planned VFM savings targets and to develop further financial recovery plans. It is expected that those financial recovery plans will further improve the forecasts on individual directorate budgets. When there is greater certainty about the robustness of the forecast recovery actions and further evidence of their delivery savings will be incorporated into the TBM projections.

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 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 September 2010

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:

- 5.5 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 overspend of £0.788 million; any end of year overspend will need to be funded from general reserves which would then need to be replenished to ensure the working balance did not remain below £9 million. Directorates have developed financial recovery plans so that a break even position is achieved.

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.

SUPPORTING DOCUMENTATION

Appendices:

1. Directorate Revenue Outturn Forecasts
2. Capital Outturn Position
3. Summary of New Capital Schemes
4. Summary of Variations to Budget
5. Internal Movements within CYPT

Documents in Members' Rooms

1. None.

Background Documents

1. None.

Adult Social Care

Forecast Outturn Month 2 £'000	Division	2010/11 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
413	Adult Social Care	36,304	36,616	312	0.9%
413	Total	36,304	36,616	312	0.9%

Explanation of Key Variances

The forecast overspend of £0.312 million assumes the achievement of a significant service improvement programme of which the Value for Money Project is the most important element. The service improvements are expected to deliver planned savings of £1.811 million and within this the Value for Money Project is forecast to achieve its target of £1.3 million of savings in the current financial year. This is in the main due to a very successful re-ablement strategy.

The overspend is mainly attributed to the Physical Disabilities community care budget. There is an overspend of £0.253 million as a result of the complex caseload and expected 508 Whole Time Equivalent (WTE) placements compared with budget assumption of 463 WTE placements. There is also a forecast increase of 45 WTE placements in Home care. Regular monitoring and reviews are being carried out to address the in year pressures. Projected growth of 27 WTE is included which may not materialise and these assumptions are being constantly reviewed.

To date, further potential recovery actions of up to £0.175 million have been identified including vacancy management and associated agency staffing controls and maximising the use of existing grants. These will be included in future TBM forecasts when there is more certainty that they will be realised.

Children & Young People's Trust

Forecast Outturn Month 2 £'000	Division	2010/11 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
(495)	Director	3,855	3,340	(515)	-13.4%
819	Area Integrated Working	28,591	29,211	620	2.2%
241	Learning , Schools & Skills	4,046	4,339	293	-7.2%
2,226	Commissioning & Governance	14,128	15,383	1,255	8.9%
2,791	Total	50,620	52,273	1,653	3.3%

Explanation of Key Variances

Director (£0.515 million underspend) - this budget area relates to the staffing budget of the Director, Assistant Directors and admin support teams. The underspend mainly relates to the decision made by Cabinet in July to reprioritise £0.434 million from unallocated Dedicated Schools Grant (DSG) money to offset the overall directorate overspend. The remaining £0.034 million of this is being used to fund Information Management within the Commissioning & Governance branch. In addition, there are savings of £0.095 million on an Assistant Director's post and £0.020 in other areas.

Area Integrated Working (£0.620 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.

The overspend in this branch relates to two main areas: Legal fees and Area Social Work Teams. Legal fees are currently forecast to overspend by £0.440 million. Legal expenses have increased due to changes in the law by the Public Law Outline (PLO). This is due to several factors, primarily the significant increase in the number of children being referred for care proceedings in line with national trends. In addition to this, the Court Fees have been increased by the Ministry of Justice and the cost of the Court issue Fee has increased from £175 to over £4,000 per fully contested case.

The children's social work teams continue to be under pressure because of their statutory duties around child protection and looked after children's duties. There also continues to be a churn in frontline social workers leaving from the most pressurised teams i.e. the children's social work front doors. As a result of both of these factors the majority of the projected overspend within this area of £0.474 million is mainly due to agency social work staff. The branch has a robust rolling programme of recruitment and retention including a bursary scheme to attract newly qualified social workers from the universities. We are presently recruiting to this year's bursary programme for Sept 2010. This intake of newly qualified social workers will help towards reduction on dependency on agency social workers.

Learning, Schools & Skills (£0.293 million overspend), the main area of overspend in this area relates to disability agency placements £0.285million.

Commissioning and Governance (£1.255 million overspend) - this branch is responsible for producing and monitoring the Children and Young people's Plan and the effective operation of the council's Section 75 Agreements with our health partners for the joint commissioning and provision of integrated children's services. In addition, the branch is responsible for the commissioning and procurement of fostering and residential agency placements for individual children and the oversight and monitoring of associated budgets. The number of placements, and level of expenditure, relates directly to the significant and sustained level of referrals to social care (at times up to 61%) following the Baby P case 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 between **July 2009 and May 2010**.

The forecast at month 2 showed under-achievement of £0.570 million of the budgeted Value for Money savings. At that stage it was too early to have certainty that they would be delivered, however two months further into the year and there is now sufficient confidence for the forecast to show this being achieved in full. The VFM plan focuses on strengthening preventive services and streamlining social work processes including:

- increasing the use of the Common Assessment Framework to provide universal and (lower level) tier 2 services to children and families in need
- driving the implementation of the 'Think Family' approach to plan more effective support and/or interventions for families with the most complex needs
- introducing a tiered approach to manage social care referrals from other agencies including the remodelling of social work duty systems and the reinstatement of area and specialist resource panels or similar mechanisms
- improving the commissioning and procurement of expert assessments in care proceedings, strengthening arrangements for early permanence planning and increasing the numbers of in house foster placements able to provide tier 1 care

Consistent with other areas of the council it is expected that further tight control on staffing costs, whether directly employed or through agencies will further help reduce the overspend.

Finance & Resources

Forecast Outturn Month 2 £'000	Division	2010/11 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
(180)	Finance	6,019	5,831	(188)	-3.1%
50	Customers & Information	9,336	9,024	(312)	-3.3%
122	Property & Design	3,471	3,622	151	4.4%
(8)	Total	18,826	18,477	(349)	-1.9%

Explanation of Key Variances

Finance is forecasting an underspend, due to the service winning the contract to supply financial services to the South Downs National Park and savings generated from a staffing restructure.

Within Customers & Information there is a cost pressure of approximately £0.075 million on income within Bereavement Services, which is being partly offset by staff savings. Housing Benefits are expected to achieve additional income of £0.350 million based on current subsidy arrangements. This is due to a successful focus on reducing the error rates made in benefit payments and recovering overpayments.

Property and Design are forecasting a shortfall on rental income of £0.183 million mainly due to lower than expected income from rent reviews. The saving from the under 100kw site electricity contract and from the gas contract which both started in April 2010 over and above that assumed at the time the budget was set has been estimated to be approximately £0.032 million.

Strategy & Governance

Forecast Outturn Month 2 £'000	Division	2010/11 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
-	Equalities & Communities	2,322	2,317	(5)	-0.2%
-	Performance & Analysis	642	642	-	0.0%
-	Legal & Democratic Services	3,107	3,107	-	0.0%
-	Policy Unit	918	918	-	0.0%
-	Human Resources	4,149	4,200	51	1.2%
-	Executive Office	379	379	-	0.0%
-	Communications	488	557	69	14.1%
-	Total	12,005	12,181	115	1.0%

Explanation of Key Variances

The directorate had a plan in place to deliver the savings of £0.412 million identified in the budget strategy. However, emerging pressures within Communications and Human Resources cannot be fully addressed as at TBM 4. Within Communications there are salary and other service pressures, it is anticipated that these will be partially offset by income surpluses, project contributions from other directorates, and from the communications Value for Money review reducing the net overspend to £0.069 million. Within Human Resources salaries service pressures are offset by income giving a net position of £0.086 million, an underspend within the Director budget of £0.35 million gives the position of £0.051 million overspend.

The directorate is reviewing all services in order to meet the £0.115 million projected overspend and the following additional management actions will be put in place to address the potential overspend.

- All services are ensuring that all internal and external income is maximised. Communications in particular is finalising the collection of payments for work streams
- Over 80% of all spend within S&G is on salaries. All service areas are actively managing vacant posts where possible in order to reduce costs. In particular HR are managing carefully the number of temporary staff as the new HR system comes into operation. The forthcoming introduction of the manager self serve will further increase the scope of greater in year savings and a reduction in the current projected overspend.
- The Communications Team are expecting to make further savings in year through their VFM program.
- All service areas are committed to reducing all non essential expenditure internal and external expenditure.

Environment

Forecast Outturn Month 2 £'000	Division	2010/11 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
-	City Services	29,912	29,993	81	0.3%
-	Sport & Leisure	1,937	1,937	-	0.0%
467	Sustainable Transport	(1,362)	(956)	406	29.8%
50	City Planning	6,839	7,149	310	4.5%
517	Total	37,326	38,123	797	2.1%

Explanation of Key Variances

City Services is forecasting an overspend which is due in the main to additional security measures and rubbish clearance at the Horsdean Travellers Site.

Within Sustainable Transport there continues to be a fall in the number of Penalty Charge Notices being issued, this is in line with the nationally recognised trend for improved compliance leading to the issuing of fewer tickets. The shortfall from PCN's is forecast to be £0.620 million net of the bad debt provision. On-street parking income is also forecast to under achieve budget by £0.105 million. Off Street parking is forecast to generate £0.280 million additional income, which is due to improved usage at The Lanes and London Road Car Parks following their refurbishments. This income is over and above what was assumed in the original business case for the refurbishments which was used to finance the up front investment required.

City Planning is forecasting an overspend due to loss of grant income including SEEDA funding and a shortfall in Building Control fee income.

To date, potential recovery actions of up to £0.645 million have been identified and will be included in future TBM forecasts when there is greater certainty about their deliverability. Actions include reducing expenditure on consultants, vacancy management, controls on supplies and services expenditure, and reducing energy costs on the transport network.

Appendix 1

Housing, Culture & Enterprise

Forecast Outturn Month 2 £'000	Division	2010/11 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
0	Tourism & Venues	1,636	1,726	90	5.5%
0	Libraries & Information Services	4,172	4,172	-	0.0%
0	Royal Pavilion & Museums	2,567	2,567	-	0.0%
0	Culture & Economy	3,349	3,308	(41)	-1.2%
0	Major Projects & Regeneration	355	355	-	0.0%
0	Housing Strategy	4,478	4,478	-	0.0%
0	Total	16,557	16,606	49	0.3%

Explanation of Key Variances

The forecast overspend of £0.049 million relates to a forecast overspend on Tourism and Venues offset by vacancy management savings within Culture & Economy.

The income forecast for the Brighton Centre is on target but there is an expected shortfall of income on the Hove Centre of £0.020 million and a pressure on contract costs on the Brighton Centre of £0.070 million. Income potential will continue to be reviewed to address this pressure.

The Royal Pavilion & Museums are forecasting break even and are on target to achieve their income target for 2010/11.

Housing Strategy is on target to breakeven, the loss of Supporting People Admin grant of £0.164 million is being covered by vacancy management and one-off under-spends on the Supporting People Welfare grant.

Centrally Managed Budgets

Forecast Outturn Month 2 £'000	Division	2010/11 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
(125)	Bulk Insurance Premia	3,019	2,794	(225)	-7.5%
-	Concessionary Fares	7,712	7,552	(160)	-2.1%
-	Capital Financing Costs	10,446	10,446	-	0.0%
-	Levies & Precepts	201	201	-	0.0%
(2,000)	Other Corporate Items	5,756	3,726	(2,030)	-35.3%
(2,125)	Total	27,134	24,719	(2,415)	-8.9%

Explanation of Key Variances

There is a forecast saving of £0.125 million on insurance premia as a result of the review of annual insurance arrangements for 2010/11 where decisions were made to change the level of the deductible on a number of policies particularly in relation to the motor and refuse fleet. The 2010/11 net saving will vary depending on how many claims we receive during the year and value of each claim. The saving has increased by £0.100 million in the last period, due to a reduction in claims spend and estimated time to settle.

Concessionary Fares is forecasting an underspend, due to the final settlement of additional capacity claims for 2009/10, administrative savings and reduced journey numbers for the first quarter.

Within contingency there is an ongoing risk provision of £1.5 million to cover risks identified particularly in Children's Social Care and Learning Disabilities which have been released corporately to offset the overspends in service departments. A provision of 1% had been allowed in the budget to incorporate both the pay award and the costs of ongoing modernisation of the council's pay and reward structure, based on the latest assumptions £0.500 million is being released to support the in year budget position. In addition to this there is a one off risk provision of £0.500 million to cover the impact of the continuing economic downturn and other pressures.

The costs to the council of severance for the Directors who have recently left their posts of £0.725 million has been funded from a contribution from the Restructure Redundancy Reserve. That reserve will need to be replenished by an estimated £1m at the end of this year. If the council's in-year forecast overspend continues to reduce this should be affordable within the current reserves strategy.

Section 75 Partnerships

Forecast Outturn Month 2 £'000	Division	2010/11 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
781	Council managed S75 Servs	23,200	23,826	626	2.7%
225	NHS Trust managed S75 Servs	12,328	12,742	414	3.4%
1,006	Total S75	35,528	36,568	1,040	2.9%

Explanation of Key Variances

Council managed S75 services (Learning Disabilities) are forecast to overspend by £0.626 million. The forecast overspend is attributed to:

- Learning Disabilities mainstream- staffing cost pressures £0.061 million
- Learning Disabilities Community Care-forecast overspend of £0.565 million equivalent to 10 Whole Time Equivalents (WTE's) in residential care

The overspend of £0.626 million assumes the achievement the savings identified within the budget strategy.

NHS Trust managed S75 services forecast overspend of £0.414 million based on the following assumptions:

- Sussex Partnership Foundation Trust (SPFT) – Significant overspends on community care budget (Adult Mental Health £0.446 million, Older People Mental Health £0.361 million and Substance Misuse £0.044 million) due to the full year effect of 2009/10 placements offset by vacancy management savings of £0.181 million and assumes the allocation of the joint commissioning pot of £0.450 million held for the development of mental health services.
- South Downs Health Trust (SDHT) – forecast overspend of £0.124 million, due to a staffing pressures on intermediate care services. Options are being explored to deliver savings across a range of service provision.

Sussex Partnership Foundation Trust (SPFT) have developed Financial Recovery Plan to work towards a reduced overspend position. There is ongoing dialogue with SPFT on management of placements.

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. Commissioners are working closely with partners to ensure that robust financial management is in place and to agree a risk share position.

Housing Revenue Account (HRA)

Forecast Outturn Month 2 £'000	Housing Revenue Account	2010/11 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
43	Employees	9,187	9,119	(68)	-0.7%
-	Premises – Repair	11,468	11,402	(66)	-0.6%
32	Premises – Other	3,110	3,131	21	0.7%
(48)	Transport & Supplies	2,033	2,052	19	0.9%
(10)	Support Services	2,153	2,133	(20)	-0.9%
-	Third Party Payments	54	54	-	0.0%
-	Revenue contribution to capital	3,543	3,543	-	0.0%
-	Capital Financing Costs	3,729	3,613	(116)	-3.1%
(121)	Subsidy Payable	12,925	12,941	16	0.1%
(104)	Net Expenditure	48,202	47,988	(214)	-0.4%
-	Dwelling Rents (net)	(41,613)	(41,627)	(14)	0.0%
4	Other rent	(1,318)	(1,263)	55	4.2%
100	Service Charges	(4,034)	(3,882)	152	3.8%
-	Supporting People	(497)	(475)	22	4.4%
-	Other recharges & interest	(740)	(703)	37	5.0%
104	Net Income	(48,202)	(47,950)	252	0.5%
-	Total	-	38	38	

Explanation of Key Variances

The forecast for month 4 is an overspend of £0.038 million.

Further analysis of the variances as at month 4 are as follows:

- The employees forecast has reduced to an underspend of £0.068 million mainly due to vacancy management savings across the Housing Service.
- The Premises Repairs forecast underspend of £0.066 million relates to the service contracts area where various contracts are being retendered during this financial year.
- Capital Financing costs are forecast to underspend by £0.116 million due to forecast interest rates for the year being lower than the assumptions used for budget setting.
- Leaseholder service charges income is projected to underachieve by £0.121 million. This projection has been forecast following analysis of last year's outturn which has shown that the charges are likely to be less than budgeted for.

- The Temporary Accommodation budget is forecast to overspend by £0.124 million in relation to unrealised savings in the Temporary Accommodation budget due to the delay of the commencement of the LDV. The budget for 2010/11 had been set assuming that the temporary accommodation properties would be leased in batches during 2010/11 to the LDV. The forecast for Temporary Accommodation is included in the various relevant subjective headings in the summary outturn table above. The Housing Management Team have developed a cost reduction plan to identify cost efficiencies to reduce the impact of this overspend.

CAPITAL OUTTURN POSITION

Directorate	2010-11 Budget £'000	2010-11 New Schemes £'000	2010-11 Variations £'000	2011-12 Slippage £'000	2010-11 Budget £'000	2010-11 Outturn £'000	2010-11 Overspends £'000
Strategy & Governance	983				983	983	-
Housing, Culture & Enterprise	11,709	199			11,908	11,908	-
Finance & Resources	4,255	93			4,348	4,348	-
Adult Social Care	284	497			781	781	-
Housing Revenue Account	25,545	300			25,845	25,845	-
Children & Young People's Trust	49,715	141	363		50,219	50,230	11
Environment	14,344	920	(372)		14,892	14,952	60
Total Council Budgets	106,835	2,150	(9)	-	108,976	109,047	71

SUMMARY OF NEW CAPITAL SCHEMES

	2010/11 Budget £'000
New Schemes Summary	
Housing, Culture & Enterprise New Schemes over £50,000 (detailed in appendix)	499
Finance & Resources New Schemes over £50,000 (detailed in appendix)	93
Children & Young People's Trust New Schemes over £50,000 (detailed in appendix) Longhill Fitness Equipment	100 41
Adult Social Care New Schemes over £50,000 (detailed in appendix)	497
Environment Detailed Reprofiles in appendix 4 (over £50,000)	920
Total Changes to Budgets	2,150

Housing, Culture & Enterprise

Directorate: Housing, Culture & Enterprise

New Budget: £300,000

Project Title: Commissioning of HRA Temporary Accommodation

This scheme is seeking funding from the HRA general reserves of £0.300 million to 're commission' 46 HRA empty dwellings for re use as temporary accommodation

The HRA has a number of empty Temporary Accommodation properties and other properties requiring major works. An analysis of these empty dwellings has identified that 46 of these properties could be put back into use for a reasonable cost.

The cost of bringing 46 units back into use as temporary accommodation is £0.300 million and can be analysed as follows:-

- 1) 15 existing family sized homes at a cost of £0.090 million.
- 2) The refurbishment of the temporary accommodation block at 58 York Road (currently 6 units) into self contained flats at a cost of £0.160 million.
- 3) 25 temporary accommodation dwellings 're-commissioned' in their existing layouts at a cost of £0.050 million.

Directorate: Housing, Culture & Enterprise

New Budget: £199,320

Project Title: Replacement of Libraries booking system

Brighton & Hove Libraries are part of the South East Library Management System (SELMS) the largest consortium in Europe that was successfully leveraged to procure the current library management system. Since joining SELMS the group has expanded from 6 to 12 members and now services a population of 6 million.

Further investment is required in Libraries services to enable Brighton & Hove Libraries to continue to deliver the excellent service and increase the value for money of those services.

Project Proposal

- i) Replacement of public PC bookings and print management system
- ii) Replacement and enhancement of self service provision within Jubilee and Hove libraries
- iii) Introduction of a digital downloads service

The implementation of the proposed projects is core to the Library Service aim to improve customer experience, drive value for money and to be part of delivering a council the city deserves. This is delivered via an enhanced customer experience through updated single point of delivery interfaces and in the reduced need for the customer to interact with staff by expanding the self service opportunities. Further customer experience improvements are derived from 24/7 access to digital holdings which can be accessed from anywhere in the world by a registered borrower.

The scheme will be funded from a combination of unsupported borrowing £0.164 million and a revenue contribution of £0.035 million. This is delivered by a reduction in the cost of annual maintenance contracts, the procurement of standards based, service enhancement without additional staffing costs and the reduction in spend on replacement media for lost or damaged audio/video stock. Failure to proceed with the project is forecast to cost the Libraries service a minimum of £0.375 million over the 5 years repayment period.

Finance & Resources

Directorate: Finance & Resources

New Budget: £93,000

Project Title: New Coroners Court

The city council has a statutory duty to provide a Coroner for the District of Brighton & Hove, which also necessitates a service to support the duties of the Coroner. As part of their duties, the Coroner must hold inquests to establish who a deceased person was, when and where the person died and how the person died.

The Coroner currently uses their own office for holding smaller inquests, but this is not satisfactory as the facilities are very limited. (for example, there is no provision or access for people with disabilities). Also, the Coroner has only limited storage capacity, for the retention of her records, in the Coroners Administrative Office and the proposed Coroners Court adjoining this Office will also provide essential storage space as well as an accessible toilet and a suitable entrance for wheelchair users.

A feasibility study has been undertaken to provide a new Coroners Court adjacent to the existing Coroners Office. This would involve rebuilding a groundsman's staffroom at a cost of approximately £0.093 million and re-siting the grounds staff to alternative existing accommodation at the Lawn Memorial Cemetery at Woodingdean. Part of this project will be met by DDA funds with the remainder being met by capital expenditure funded from unsupported borrowing to be met from within existing budgets.

Children & Young People's Trust

Directorate: Children & Young People's Trust	New Budget: £100,000
Project Title: Carlton Hill School S106 funding new gas boiler	

A condition was placed on the Amex development under Section 106 which set out a £0.1 million sustainability contribution. The 'sustainability project' was to locally offset carbon emissions from the Proposed Development by the provision of an energy efficient heating system for Carlton Hill Primary School. The Authority has commissioned the replacement of the existing boiler with a new gas condensing boiler. This also necessitated some upgrading of the gas supply, plus associated professional fees. The total cost of the work is approximately £0.120 million. The balance of the expenditure will be met from the New Deal for Schools budget. Work is expected to be completed in time for the forthcoming winter.

Adult Social Care

Directorate: Adult Social Care	New Budget: £148,000
Project Title: Social Care Reform Grant	

This is the final year of the Social Care Reform Grant which is to be used by local authorities to assist them with their partners in delivering the transformation of adult social care as set out in 'Putting People First: a shared vision and commitment to the transformation of Adult Social Care' (2007) , and preceding policy documents. For this coming year not only has the Government allocated revenue grant but it has also

allocated an additional capital allocation to help councils with some of the associated infrastructure costs.

The grant will be utilised to procure (a) a new rostering system for in-house home care service which has the ability to plan, monitor and support a modernised re-ablement service thus producing efficiencies in both travel time and allowing enhanced contact time with service users; and (b) a partnered system that can deliver “live” rota information to mobile hand-held devices carried by Homecare staff out in the community

Directorate: Adult Social Care

New Budget: £349,000

Project Title: Adaptations for the disabled

The amount reflects the recurrent funding currently available for minor and major adaptations. The provision of adaptations within disabled people's homes contributes to the councils' priority to care for vulnerable people. It is an integral part of our personalisation agenda This expenditure enables people to live for longer within their own home and not have to move into long term residential care, it also reduces the need for the reliance upon home care. It also adds value to hospital discharges and admissions by preventing accidents..

The £349,000 will be financed by the following: £0.150 million from the Department of Health Adult Social Care Capital Allocation for 2010/11 and £0.199 million direct revenue funding contribution from Physical Disabilities budget.

Environment

Directorate: Environment

New Budget: £920,000

Project Title: Purchase of 7 Gritter Vehicles

The current gritter fleet is over 10 years and due for replacement. Maintenance costs have been increasingly high and last winter's severe snow events took their toll on the existing vehicles. The current vehicles are also not all appropriate for operating in severe snow and ice on the city's hilly roads and are less efficient at spreading salt than more modern counterparts. The environmental impacts of the vehicles are being considered as well as health & safety and practical requirements.

Market testing is in progress to ascertain what is available and what best suits the needs of Brighton and Hove as an urban hilly area with narrow streets. Tender documents will be prepared later this year. Research is taking place into options for carrying out pavement gritting, such as a specialised machine (circa £0.040 million) and/or towable spreaders that could be attached to Cityparks tractors or seafront quad bikes.

Environmental issues as well as health & safety and practical requirements are being considered. Total expenditure will not exceed the £0.920 million reserved in capital funds for Winter Service vehicle replacement.

SUMMARY OF VARIATIONS TO THE CAPITAL BUDGET

Schemes	2010/11 Budget £'000	2011/12 Budget £'000	2012/13 Budget £'000	Total Changes £'000
Environment				
Detailed Variations in appendix 4 (over £50,000)	(372)	(10)	(11)	(393)
Children & Young People's Trust				
Detailed Variations in appendix 4 (over £50,000)	363	333		696
Total Changes to Budgets	(9)	323	(11)	303

Detailed explanations of the variations

Environment

Directorate: Environment	Approved Budget: £597,640
Project Title: Playbuilder	Revised Budget: £70,970
	Variation: £(526,670)

As stated in the 2010/11 in-year government grant reductions report the Department for Education has instructed local authorities not to incur any future contractual liabilities in relation to Playbuilder. The Council had an allocation of £0.598 million allocated in 2010/11. However the funding is now being cut and this will change the position to a estimated revised budget of £0.070 million for the existing commitments. There are no budgets for Playbuilder beyond 2010/11 as the following table shows.

2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
(527)			(527)

There are a small number of improvements planned to play facilities that were funded from other sources for example s106 agreements and these will still go ahead.

Directorate: Environment
Project Title: Hollingdean Depot

Approved Budget: £483,400
Revised Budget: £638,410
Variation: £155,010

Hollingdean Depot is the operational base for Cityclean and requires considerable investment over a four year period to maintain both operational and health and safety requirements. Initial works commenced in 2009/10 with the majority of works profiled for 2010/11 to 2012/13. A total of £0.638 million is identified for 2010/11 in connection with site enabling, repairs and fire safety works. A total of £0.150 million has been identified to be met from the Planned Maintenance Budget and £0.488 million from unsupported borrowing. The financing costs associated with the borrowing will be met from existing revenue budgets. The following table shows the changes for 2010/11 onwards.

2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
155	(10)	(11)	134

Children & Young People's Trust

Directorate: CYPT
Project Title: Falmer Academy

Approved Budget: £17,176,710
Revised Budget: £17,539,460
Variation: £362,750

This is a combination of three funding sources. The utilisation of the budget from the Strategic Investment Funding (SIF) towards project management costs of £0.2 million. Also an increase in the budget of £0.110 million in respect of the Environment Improvement Grant for works to be carried out improving the site before September 2010. Lastly an increase in the budget in respect of additional funding from the DfE for irrecoverable VAT on the ICT contract, estimated to be £0.053 million in 2010/11 and £0.333 million in 2011/12. The following table shows the changes for these elements of the scheme over the three years.

2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
363	333		696

Internal movements within Children & Young People's Trust

Further to the approval by Members of the Children & Young Peoples Trust capital budgets at Cabinet Members Meeting on 26 April 2010, approval is sought for the following changes within the Directorate.

Virement Summary	From 2010/11 Budget £'000	To 2010/11 Budget £'000	Total Changes £'000
Children & Young People's Trust			
New Pupil Spaces 2010/11	(669)		(669)
Primary Programme		669	669
Basic Needs Safety Valve Funding	(5,700)		(5,700)
Primary Programme		5,700	5,700
Targeted Capital Fund	(257)		(257)
Falmer Academy		257	257
Targeted Capital Fund	(700)		(700)
Whitehawk Co-location		700	700
NDS Modernisation 2010/11	(300)		(300)
Whitehawk Co-location		300	300
Total Changes to Budgets	(7,626)	7,626	-

These changes will enable the Directorate to fully utilise the available capital resources by moving the budgets to where the need is greatest. Approval of these virements will improve monitoring of the various funding streams available for the projects scheduled for 2010/11. Adequate management information will still be available for grant claim purposes.