

OVERVIEW AND SCRUTINY COMMISSION

Agenda Item 25
Brighton & Hove City Council

Subject:	Targeted Budget Management (TBM) Month 2		
Date of Meeting:	15 July 2008		
Report of:	Director of Finance & Resources		
Contact Officer:	Name:	Nigel Manvell	Tel: 29-3104
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Key Decision:	Yes	Forward Plan No. CAB 2179	
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report that will have been considered at Cabinet on 10 July sets out the forecast outturn position on the revenue and capital budgets as at the end of May 2008 (month 2).

2. RECOMMENDATIONS:

- 2.2 That the Commission reviews the report and is advised of the Cabinet resolution.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

Cabinet on 10 July was recommended to:

- (1) note the forecast outturn for the General Fund, Section 75 Partnerships and Housing Revenue Account (HRA) for 2008/09 as at month 2.
- (2) note that Directorates with forecast overspends will develop financial recovery plans, which will be included in the next report to Cabinet (Month 6 – September).
- (3) agree a contribution of £0.300 million to Contingency from the saving on the Insurance contract renewal.
- (4) agree a contribution of £0.150 million to the Risk Management Reserve, also from the saving on the Insurance contract renewal.

- (5) note the forecast outturn position on the capital budgets as at month 2.

Cont'd

- (6) approve the new capital schemes as set in Appendix 4.
- (7) approve the capital budget changes as set out in 3.14 and 3.15 and the budget re-profile as set out in Appendix 5.

- 3.1 The table below shows the forecast outturn position for council controlled budgets within the general fund, including directorates and centrally managed budgets and the outturn on NHS managed S75 Partnership Services. Detailed explanation of the variances can be found in Appendix 1.

2007/08 Outturn Variance £'000	Department	2008/09 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
(59)	Adult Social Care & Housing	40,713	41,809	1,096	2.7%
28	S75 Learning Disability Services	21,706	21,905	199	0.9%
615	Children & Young People's Trust*	45,903	46,526	623	1.4%
(1,583)	Finance & Resources*	17,847	17,760	(87)	-0.5%
(96)	Strategy & Governance *	9,528	9,608	80	0.8%
(313)	Environment *	36,362	36,473	111	0.3%
(176)	Cultural Services	12,776	12,926	150	1.2%
(1,584)	Sub Total	184,835	187,007	2,172	1.2%
1,141	Centrally Managed Budgets *	24,438	23,978	(460)	-1.9%
(443)	Total Council Controlled Budgets	209,273	210,985	1,712	0.8%
199	NHS Trust managed S75 Services	12,539	13,075	536	4.3%
(244)	Total Overall Position	221,812	224,060	2,248	1.0%

* Note, the 2007/08 outturn variances for these directorates have altered compared to those reported to 12 June Cabinet. This is due to some services moving between directorates in 2008/09. The outturn figures have been updated accordingly so as to give a more meaningful comparison with the Month 2 position. There was also a small change to the final outturn position, which was an underspend of £0.244 million compared with the provisional outturn of £0.127 million reported earlier.

- 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:

2007/08	2008/09	Forecast	Forecast	Forecast
Outturn	Budget	Outturn	Variance	Variance
Variance	Month 2	Month 2	Month 2	Month 2
£'000	£'000	£'000	£'000	%
(1,310) Total HRA	-	321	321	0.0%

Corporate Critical Budgets

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

2007/08	2008/09	Forecast	Forecast	Forecast
Outturn	Budget	Outturn	Variance	Variance
Variance	Month 2	Month 2	Month 2	Month 2
£'000	£'000	£'000	£'000	%
653 Child Agency & In House Placements	21,900	22,057	157	0.7%
(114) Sustainable Transport	(1,097)	(990)	107	9.8%
(1,324) Housing Benefits	154,396	153,806	(590)	-0.4%
330 Land Charges Income	(957)	(557)	400	41.8%
2,028 Concessionary Fares	10,834	10,680	(154)	-1.4%
104 Community Care	21,121	22,110	989	4.7%
28 Section 75 Learning Disabilities	21,706	21,905	199	0.9%
1,705 Total Council Controlled	227,903	229,011	1,108	0.5%
199 S75 NHS & Community Care Act	12,539	13,075	536	4.3%

1,904 Total Corporate Criticals	240,442	242,086	1,644	0.7%
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- 3.4 The key activity data for each of the corporate critical budgets is detailed in Appendix 2. Note that the analysis in Appendix 2 will not always match exactly the outturn variances shown in the table above, due to a number of different elements that can affect the outturn. The Appendix is designed to highlight the key underlying activity data that is having the most significant effect on the forecast. Narrative explanations regarding the projections are contained within the individual directorate forecasts contained in Appendix 1.

Efficiency Savings

- 3.5 The 'Gershon' efficiency gains targets, measurement and reporting regime has been revised by the Department for Communities and Local Government; a new efficiency indicator is now included in the new National Indicator set. 2007/08 is the final year in which Annual Efficiency Statements (AES) will be produced, however, the grant settlement for 2008/09 includes an assumption that all council's will deliver 3% cash releasing gains year-on-year. This requirement is reflected in the Medium Term Financial Strategy approved by Cabinet in June, therefore additional scrutiny is required of the progress the council is making in achieving the efficiency savings agreed for 2008/09. In total £5.540 million efficiency savings were agreed as part of the budget for 2008/09, together with £2.449 million relating to the HRA. The current forecast against the achievement of those savings is included in Appendix 3. The variances to the budgeted savings are included in the overall outturn forecast. Currently, directorates are reporting a small shortfall of £0.205 million against efficiency savings targets. For overspending directorates, this will be addressed when developing financial recovery plans.

Proposed Budget Movements

- 3.6 A saving of £0.686 million has been achieved following the renewal of the bulk insurance premia, more details can be found in Appendix 1. It is proposed to transfer £0.300 million of this saving to Contingency to meet the 2008/09 additional costs resulting from the loss in business rate exemptions for council owned vacant properties. Any remaining resources will be set aside for the potential increases in the council's gas contract during 2008/09.
- 3.7 It is also proposed to transfer £0.150 million of the saving on the insurance contract into the Risk Management Reserve to enable the good work on risk management to continue. The work previously undertaken included a programme of risk management training for staff to ensure that risks are identified, quantified and plans are put in place to minimise those risks. Business cases demonstrating the operational and financial benefits to the council will be required for all proposed expenditure from the reserve.

Impact on the Medium Term Financial Strategy (MTFS)

- 3.8 The MTFS assumes a breakeven outturn position for 2008/09 on general fund budgets, the current forecast is an overspend of £1.712 million. Financial recovery plans will need to be developed to address the overspend and achieve a breakeven position. If a breakeven position cannot be achieved, there are very limited unallocated reserves available and there may be other calls on those funds, therefore it is likely that any overspend would need to be funded from general reserves which would need to be replenished as part of the 2009/10 budget.
- 3.9 If recovery plans cannot reduce the pressures going into 2009/10 they will need to be incorporated into service budget strategies and services will need to manage them within their cash limits.

Capital Budget 2008/09

- 3.10 This part of the report gives Members details of the capital programme budget position for 2008/09.
- 3.11 On 28 February 2008, Budget Council considered a capital investment programme report for the financial year 2008/09 and agreed a capital investment programme of £54.799 million. Some of this expenditure related to schemes already live, while some schemes have been approved in detail since that meeting and others have yet to have detailed reports presented to Members for approval.
- 3.12 The budget report set out all our known capital expenditure plans and resource allocations for the forthcoming year. It is put together in conjunction with the revenue budget, to ensure that the effects of one upon the other are taken account of, for example, the revenue implications of capital investment plans and the effects of 'spend-to-save' investments. The budget report allocates the council's capital resources towards its priorities, giving an 'outline' programme, which must then be approved in detail. Each scheme proposal is submitted in detailed reports to Cabinet for approval, so that full consideration can be given to all of the options. All schemes must be fully funded before approval can be given. Appendix 4 contains new capital schemes submitted for approval. Appendix 5 contains one proposed budget reprofile.
- 3.13 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, via this report, on the amount and the impact of the delay on service delivery.

Capital Forecast Outturn

- 3.14 The Month 2 budget monitoring exercise indicates that with the exception of one scheme in Finance & Resources and three schemes in the Housing Revenue Account (HRA), the programme is forecast to breakeven. The mortuary extension is reporting a £0.050 million increase in costs. It is proposed that this will be met by a contribution from the revenue budget. The forecast outturn position on the revenue budget takes account of the contribution. This therefore brings the general fund element of the capital programme back to break-even and fully funded.
- 3.15 Within the Housing Revenue Account, three schemes are expected to overspend their original budget allocations. It is proposed to allocate funding from HRA reserves to meet this gap. Roofing works budgeted at £0.431million are expected to overspend by £0.030 million, the mechanical & electrical engineering works are expected to overspend by £0.019 million and an overspend of £0.073 million is forecast on the Newstead Flats refurbishment.

Capital Slippage

- 3.16 At this early stage in the year no slippage is anticipated by programme managers.

Prudential indicator for capital expenditure

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

Comments by the Director of Finance & Resources

- 3.19 The forecast outturn position on the revenue budget shows that a sizeable overspend is predicted, although the position should improve as the year progresses. It is early in the financial year and services will need to draw up plans to address the problem. Directorates with significant overspends need to develop robust financial recovery plans so that a breakeven position on the revenue budget can be achieved by the financial year-end.
- 3.20 Early discussions are also needed with commissioners and provider NHS Trusts to ensure that effective financial controls and recovery within NHS-managed S75 partnership services are put in place for the year.

4. CONSULTATION

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

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Legal Implications:

- 5.2 In reaching its decisions in relation to its budget, the Council needs to have regard to a number of general points. It must provide the services, which, statutorily, it is obliged to provide. Where there is power to provide services, rather than a duty, it has 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.

- John Heys – Principal Solicitor

Equalities Implications:

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

Sustainability Implications:

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

Crime & Disorder Implications:

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

Risk & Opportunity Management Implications:

- 5.6 There are no direct risk or opportunity management implications arising from this report.

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 proposed allocations to Contingency and the Risk Management Reserve, if not made, would reduce the forecast overspend. However, both allocations are deemed to be financially prudent in terms of the overall financial position of the council.

7. REASONS FOR REPORT RECOMMENDATIONS

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

SUPPORTING DOCUMENTATION

Appendices:

1. Directorate Revenue Outturn Forecasts
2. Corporate Critical Budgets Activity Data
3. Progress Against Achieving the 2008/09 Efficiency Savings
4. Proposed New Capital Schemes
5. Capital Budget Re-profile Request

Documents In Members' Rooms

1. None.

Background Documents

1. None.

Appendix 1

Adult Social Care & Housing

2007/08 Outturn Variance £'000	Division	2008/09 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
32	Director	285	295	10	3.5%
(6)	Housing Strategy	4,604	4,604	-	0.0%
(85)	Adult Social Care	35,824	36,910	1,086	3.0%
(59)	Total	40,713	41,809	1,096	2.7%

Explanation of Key Variances

Adult Social Care is forecasting an overspend of £1.086 million, which is mainly due to the corporate critical community care budget which is forecasting an overspend of £0.989 million. Significant increased demand for homecare is being experienced across Older People and Physical Disability services.

Physical Disability services are currently providing services to 104 additional clients over and above the budgeted activity level of 358 clients. This demand has steadily grown since the 2008/09 budget assumptions were developed in October 2007. Although the unit cost of the service is reducing and is now £45.00 per week, per client lower than budgeted, the increased activity is giving rise to a budget pressure of £0.866 million. The service is currently developing a recovery strategy to offset this cost pressure across the directorate and will also be continuing to examine alternative options for meeting current demands.

There is also a small pressure on Older People Services of £0.123 million, also relating to an increased number of clients (97). However, this is largely offset by an improving unit cost which results from a shift in the balance of clients from residential and nursing homes to home care. This pressure is expected to be managed in year.

Children & Young People's Trust

2007/08		2008/09	Forecast	Forecast	Forecast
Outturn	Division	Budget	Outturn	Variance	Variance
Variance		Month 2	Month 2	Month 2	Month 2
£'000		£'000	£'000	£'000	%
153	Director	1,030	1,060	30	2.9%
312	East, Early Years & NHS Commissioning Services	9,801	10,092	291	3.0%
52	Central Area & School Support	(8,344)	(8,199)	145	1.7%
(44)	Learning & Schools	7,481	7,481	-	0.0%
(89)	West Area & Youth Support	4,696	4,651	(45)	-1.0%
333	Specialist Services	30,161	30,283	122	0.4%
(102)	Quality & Performance	1,078	1,158	80	7.4%
615	Total	45,903	46,526	623	1.4%

Explanation of Key Variances

The corporate critical budget of Child Agency Placements and In House Placements is forecasting an overspend of £0.157 million. The main variances are due to overspends on Independent Foster Agency placements¹ of £0.292 million and Leaving Care Accommodation² of £0.185 million being offset by an underspend on Residential Agency placements³ of £0.359 million.

There are a number of other overspends across the directorate, the main ones being; preventative payments to homeless families of £0.103 million, increased premises costs at the Clermont Child Protection Unit of £0.048 million and a pressure arising from the ending of Budget Holding Lead Professionals (BHLP) grant funding of £0.077 million.

¹ Forecast FTE placements of 99.6 against a budget of 94.0

² Forecast FTE placements of 30.5 against a budget of 25.0 and a weekly unit cost £25 above budget

³ Forecast FTE placement 39.4 which is 1.6 less than budgeted for and a weekly unit cost £80 below budget

Appendix 1

Finance & Resources

2007/08 Outturn Variance £'000	Division	2008/09 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
(149)	Finance	5,908	5,905	(3)	-0.1%
(113)	ICT	5,209	5,209	-	0.0%
(1,074)	Customer Services	3,758	3,636	(122)	-3.2%
(247)	Property & Design	2,972	3,010	38	1.3%
(1,583)	Total	17,847	17,760	(87)	-0.5%

Explanation of Key Variances

Customer Services is forecasting an underspend of £0.122 million as follows:

- The corporate critical housing benefits budget is forecasting an underspend of £0.590 million due to local authority errors being contained below the lower threshold which generates additional subsidy and increased overpayment recovery on non council housing rent rebates.
- The Land Charges income budget is also a corporate critical budget and is forecasting a £0.400 million shortfall. The downturn in the housing market is reducing the overall number of searches undertaken and there is also a continuing increase in the proportion of searches being undertaken as personal searches for which the council receives a much lower fee.

Appendix 1

Strategy & Governance

2007/08 Outturn Variance £'000	Division	2008/09 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
1	Director	410	410	-	0.0%
28	Improvement & Organ Devel	1,456	1,456	-	0.0%
(1)	Legal & Democratic Services	3,004	3,054	50	1.7%
-	- Policy Unit	486	516	30	6.2%
-	- Human Resources	3,165	3,165	-	0.0%
-	- Executive Office	419	419	-	0.0%
(124)	Communications	588	588	-	0.0%
(96)	Total	9,528	9,608	80	0.8%

Explanation of Key Variances

The forecast overspend in both Legal and Democratic Services and the Policy Unit relates to the costs of the new political assistants, resulting from the move to the new cabinet system. The directorate is actively seeking ways to reduce this pressure.

Environment

2007/08 Outturn Variance £'000	Division	2008/09 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
8	Director	291	291	-	0.0%
(138)	City Services	29,842	29,842	-	0.0%
2	Leisure	1,541	1,529	(12)	-0.8%
(114)	Sustainable Transport	(1,097)	(990)	107	9.8%
(142)	Public Safety	3,774	3,764	(10)	-0.3%
71	City Planning	2,011	2,037	26	1.3%
(313)	Total	36,362	36,473	111	0.3%

Explanation of Key Variances

The total forecast for Sustainable Transport is an overspend of £0.107 million, this is as a result of the following:

- The effect of the new Traffic Management Act on parking penalty charge notices. Early indications are that the amount received per PCN issued is likely to be less than in previous years. This is due to the distinction between lesser and higher offences, chargeable at different rates. Despite an increase in the number of tickets issued in the period April to May 2008 compared to the same period in the previous year, there is likely to be a shortfall against the budget of £0.405 million. This is partly offset by a reduction in the level of provision for bad debts of £0.106 million.
- Income from all on-street parking is likely to exceed budget by £0.540 million.
- An underachievement against off-street parking income budgets is forecast to be £0.476 million due to delays in bringing back in-house the five leased car parks, and later than budgeted for refurbishment of the Lanes and London Road car parks.
- Vacancy Management savings and other supplies and services savings will generate an underspend of £0.130 million.

Appendix 1

Cultural Services

2007/08 Outturn Variance £'000	Division	2008/09 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
(10)	Director	173	173	-	0.0%
(17)	City Marketing	1,833	1,834	1	0.1%
29	Libraries	3,900	3,912	12	0.3%
113	Museums	2,164	2,242	78	3.6%
(1)	Arts & Creative Industries	1,616	1,616	-	0.0%
(115)	Economic Devlpmnt & Regen	2,914	2,921	7	0.2%
(175)	Major Projects & Venues	176	228	52	29.5%
(176)	Total	12,776	12,926	150	1.2%

Explanation of Key Variances

The Museums and Major Projects & Venues overspend forecast relates to increased premises costs; the major factor being an increase in energy costs. As reported elsewhere on this agenda a significant increase in the gas contract renewal is expected later this financial year.

Appendix 1

Centrally Managed Budgets

2007/08 Outturn Variance £'000	Division	2008/09 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
14	Bulk Insurance Premia	2,481	2,245	(236)	-9.5%
2,028	Concessionary Fares	9,158	9,004	(154)	-1.7%
(1,373)	Capital Financing Costs	7,929	7,859	(70)	-0.9%
-	Levies & Precepts	192	192	-	0.0%
472	Other Corporate Items	4,678	4,678	-	0.0%
1,141	Total	24,438	23,978	(460)	-1.9%

Explanation of Key Variances

The insurance premia contract renewal took place recently and generated a saving of £0.686 million. The reduction in premia is due to the recent low claims history of the council, extensive risk management work and a relatively cheap and competitive current market for insurance. The £0.236 million projected underspend is after allowing for the proposed allocations to Contingency and the Risk Management Reserve described in the main body of the report.

Concessionary Fares is forecast to underspend by £0.154 million. The variance relates to a reduction in the final outturn figures for 2007/08, which were unavailable until after the accounts were closed for last financial year.

Capital Financing Costs are reporting an underspend due to higher investment returns on surplus balances.

Section 75 Partnerships

2007/08		2008/09	Forecast	Forecast	Forecast
Outturn	Division	Budget	Outturn	Variance	Variance
Variance		Month 2	Month 2	Month 2	Month 2
£'000		£'000	£'000	£'000	%
28	Council managed S75 Services	21,706	21,905	199	0.9%
199	NHS Trust managed S75 Services	12,539	13,075	536	4.3%
227	Total S75	34,245	34,980	735	2.1%

Explanation of Key Variances

Council managed S75 Services (Learning Disability Services) are forecasting an overspend of £0.199 million. Additional demand for day care and home care services have created a pressure of £0.114 million plus there are forecast income shortfalls on Housing Benefit/Supporting People income.

NHS Trust managed S75 Services are forecasting an overspend of £0.536 million, due to two areas:

- Sussex Partnership Trust – Mental Health & Substance Misuse are forecasting an overspend of £0.313 million. The main pressures are within Adult Mental Health due to increased demand and high cost placements within Nursing Care. The Trust has developed a financial recovery plan.
- Sussex Downs Health Trust – HIV/AIDS, Intermediate Care and the Integrated Community Equipment Store (ICES) are forecasting an overspend of £0.223 million. The main pressure continues to be on ICES, forecast to overspend by £0.150 million, due to continuing high demand levels for equipment. The commissioner for the service is working with service management to review caseload and develop a financial recovery plan.

Appendix 1

Housing Revenue Account (HRA)

2007/08		2008/09	Forecast	Forecast	Forecast
Outturn	Division	Budget	Outturn	Variance	Variance
Variance		Month 2	Month 2	Month 2	Month 2
£'000		£'000	£'000	£'000	%
(526)	Employees	8,994	9,046	52	0.6%
(1,631)	Premises – Repair	10,258	10,258	-	0.0%
103	Premises – Other	2,707	2,957	250	9.2%
35	Transport & Supplies	2,534	2,549	15	0.6%
(21)	Support Services	2,300	2,300	-	0.0%
1,264	Revenue contribution to capital	3,465	3,465	-	0.0%
(151)	Capital Financing Costs	4,941	4,941	-	0.0%
(26)	Subsidy Payable to Gen Fund	11,494	11,494	-	0.0%
(953)	Net Expenditure	46,693	47,010	317	0.7%
(8)	Dwelling Rents (net)	(40,478)	(40,478)	-	0.0%
(62)	Other rent	(1,210)	(1,210)	-	0.0%
(104)	Service Charges	(3,292)	(3,292)	-	0.0%
(33)	Supporting People	(550)	(550)	-	0.0%
(150)	Other recharges & interest	(1,163)	(1,159)	4	0.3%
(357)	Net Income	(46,693)	(46,689)	4	0.0%
(1,310)	Total	-	321	321	0.0%

Explanation of Key Variances

The main variance is an overspend forecast on Premises due to increased energy costs.

KEY ACTIVITY DATA SUPPORTING CORPORATE CRITICAL BUDGET FORECASTS

	Activity Indicator	Unit Cost Indicator	BUDGET			FORECAST			VARIANCE			
			Activity	Unit Cost/Income £	Budget £	Activity	Unit Cost/Income £	Budget £	Activity	Unit Cost/Income £	Budget £	
Child Agency & In-house Placements												
Disability Agency	Number of children	Cost per week	8.0	1,817	757,900	8.6	1,786	803,700	0.6	(31)	45,800	
Disability Respite	Number of children	Cost per week	n/a	n/a	126,000	n/a	n/a	133,100			7,100	
Independent Foster Agency (IFA)	Number of children	Cost per week	94.0	888	4,350,600	99.6	894	4,642,400	5.6	7	291,800	
Residential Agency	Number of children	Cost per week	41.0	2,407	5,145,700	39.4	2,327	4,786,700	(1.6)	(80)	(359,000)	
Secure Accommodation	Number of children	Cost per week	1.5	5,140	402,000	2.8	3,852	554,000	1.3	(1,288)	152,000	
In-House Placements	Number of children	Cost per week	352.0	304	5,584,600	369.2	281	5,419,600	17.2	(23)	(165,000)	
Leaving Care Accommodation	Number of children	Cost per week	25.0	508	661,900	30.5	532	846,533	5.5	25	184,633	
Leaving Care Ex Asylum Seekers	Number of children	Cost per week	n/a	n/a	108,800	na	na	108,800	na	na	0	
Educational Agency	Number of children	Cost per week	130.0	703	4,762,900	135.0	673	4,737,527	5.0	(30)	(25,373)	
											131,960	
Sustainable Transport												
PCN effect of Traffic Management Act	Number of PCNs issued	Average receipt per offence	127,076	(40)	(5,127,517)	137,877	(34)	(4,722,896)	10,801	6	404,621	
Land Charges Income												
	Local Authority Searches	Income per search	5,607	(115)	(644,805)	3,000	(115)	(345,000)	(2,607)	0	299,805	
	Personal Searches	Income per search	5,395	(11)	(59,345)	6,800	(11)	(74,800)	1,405	0	(15,455)	
											284,350	
Concessionary Fares												
	Number of journeys	Total cost divided by number of journeys	11,000,000	0.98	10,834,000	11,000,000	0.98	10,834,000	0.00	0.00	0	
Community Care												
NHScc Older People	No. WTE Clients	Cost per week	1,643	204	17,438,000	1,740	194	17,561,000	97	(10)	123,000	
NHScc Physical Disabilities	No. WTE Clients	Cost per week	358	246	4,582,000	463	226	5,448,000	104	(19)	866,000	
											989,000	
Section 75 Learning Disabilities												
S75 NHScc Learning Disabilities	No. WTE Clients	Cost per week	595	628	19,435,000	650	579	19,549,000	55	(49)	114,000	
S75 NHS & Community Care Act												
S75 NHScc Adult Mental Health	No. WTE Clients	Cost per week	189	286	2,814,000	262	241	3,284,000	73	(45)	470,000	
S75 NHScc Older People Mental Health	No. WTE Clients	Cost per week	467	326	7,919,000	542	267	7,522,000	75	(59)	(397,000)	
S75 NHScc Substance Misuse	No. WTE Clients	Cost per week	4	503	101,000	10	504	259,000	6	0	158,000	
S75 NHScc HIV	No. WTE Clients	Cost per week	28	138	198,000	34	121	212,000	6	(17)	14,000	
S75 ICES	Equipment & Adaptations	Various rates for different type of equipment	-	-	655,000	-	-	805,000	-	-	150,000	
											395,000	

PROGRESS AGAINST THE ACHIEVEMENT OF THE 2008/09 EFFICIENCY SAVINGS

	Budget £'000	Forecast £'000	Variance £'000	Explanation
Adult Social Care & Housing				
Adult Social Care	(1,378)	(1,478)	(100)	Additional savings from Vernon Gardens offsetting current shortfall anticipated on homecare/daycare savings and brought-forward service pressure
Housing Strategy	(214)	(214)	0	
Sub-Total	(1,592)	(1,692)	(100)	
CYPT				
East Area, Early Years and NHS comm	(32)	(32)	0	
Central Area and Schools Support	(202)	(202)	0	
Learning & Schools	(71)	(71)	0	
West Area and Youth Support	(2)	(2)	0	
Specialist Services	(164)	(164)	0	
Quality & Performance	(30)	(30)	0	
Sub-Total	(501)	(501)	0	
Finance & Resources				
Finance	(175)	(175)	0	
ICT	(150)	(150)	0	
Customer Services	(460)	(460)	0	
Property & Design	(90)	(90)	0	
Sub-Total	(875)	(875)	0	
Strategy & Governance				
Director	(40)	(40)	0	
Improvement & Organ Devel	(38)	(38)	0	
Legal & Democratic Services	(56)	(56)	0	
Policy Unit	(25)	(25)	0	
Human Resources	(55)	(55)	0	
Sub-Total	(214)	(214)	0	
Environment				
City Services	(400)	(400)	0	
Leisure	(20)	(20)	0	
Sustainable Transport	(475)	(240)	235	The bringing back in house of the 5 car parks currently leased, may take place later than originally budgeted for.
Public Safety	(30)	(30)	0	
City Planning	(10)	(10)	0	
Sub-Total	(935)	(700)	235	
Cultural Services				
City Marketing	(25)	(25)	0	Assumed on target, but increased income target is dependant on the new DMS system which is not yet in place.
Libraries & Information services	(70)	(70)	0	Subject to restructuring work
Royal Pavilion & Museums	(47)	(32)	15	Energy savings unachievable due to increase in gas charges and steep rise in sub 100kw electricity contract
Arts & Creative Industries	(26)	(26)	0	
Economic Development & Regeneration	(73)	(73)	0	
Major Projects and Venues	(75)	(20)	55	Energy savings unachievable due to increase in gas charges
Sub-Total	(316)	(246)	70	

PROGRESS AGAINST THE ACHIEVEMENT OF THE 2008/09 EFFICIENCY SAVINGS

	Budget £'000	Forecast £'000	Variance £'000	Explanation
Section 75 : Learning Disabilities				
Council Lead Learning Disabilities	(641)	(641)	0	
Sub-Total	(641)	(641)	0	
Health Led Section 75 arrangements				
SPT				
Older People Mental Health	(176)	(176)	0	
Adult Mental Health	(206)	(206)	0	
Substance Misuse	(10)	(10)	0	
SDHT				
Intermediate Care	(53)	(53)	0	
ICES	(14)	(14)	0	
HIV/AIDS	(7)	(7)	0	
Sub-Total	(466)	(466)	0	
Total	(5,540)	(5,335)	205	
Housing Revenue Account				
Employees	(308)	(308)	0	
Supplies & Services	(93)	(93)	0	
Repairs -Responsive/Empty Properties contract.	(1,450)	(1,450)	0	Forecast as budget, however contract negotiations on open book still in progress may impact on this forecast.
Repairs - Gas Servicing Contract	(417)	(417)	0	
Ground Maintenance	(61)	(61)	0	
Reduction in Staff Accommodation charge	(40)	(40)	0	
Increase in Garage and Car Park Income	(40)	(40)	0	
Reduction in transitional protection from Supporting People charges	(40)	(40)	0	
Total	(2,449)	(2,449)	0	

New capital project approval				
Project title: Door Entry Systems 2008/09		Total project cost: £382,000		
Project Manager: Steve Cooper		Directorate: Housing Revenue Account		
Purpose, benefits and risks				
<p>A number of Door Entry systems have failed or have been identified as deteriorating with failure imminent and replacement parts being obsolete and unavailable.</p> <p>There is currently £0.125 million held as contingency for Door Entry Systems/Alarms, which this proposal seeks to release. The remaining £0.257 million will also need to be funded from the HRA reserve, which currently stands at £5.650 million. The strategic priorities supported include the safety and security of our tenants and leaseholders. BHCC installed the original systems, which are part of the general amenity of the blocks, and therefore has an obligation to maintain/replace the systems when failure occurs. It should be noted that these costs identified are for systems that have already failed; no funds have been identified for systems that may fail in the future.</p> <p>Alternative Option: Do nothing - doors will be left without effective locks. This will leave buildings insecure. Alternatively the doors could be made to lock securely but without a door entry system. This will present difficulty to any visitors to the block, especially to carers attending their clients. Both of these options are likely to encourage anti-social behaviours.</p> <p>Investigations: The systems have been examined by the M&E Section and found to be non-reparable and/or obsolete.</p>				
Capital expenditure profile				
	2008/09	2009/10	2010/11	TOTAL
Funding source A - Approved contingency	£125,000	£0	£0	£125,000
Funding source B - HRA General reserve	£257,000	£0	£0	£257,000
	£382,000	£ 0	£ 0	£382,000
Financial implications				
<p>An element of the capital expenditure will be reimbursed via Leaseholder service charges. In terms of Whole Life Costing, running costs will be similar to existing equipment apart from 6 months defects saving after installation.</p>				

New capital project approval

Project title: Adaptations – Property extension	Total project cost: £ 50,000
Project Manager: Ken Warren	Directorate: Housing Revenue Account
Purpose, benefits and risks	
<p>The reason for this loft extension that there is a requirement to accommodate three additional children within a family home. The work has been requested by the CYPT (Children and Young People’s Trust) and is required by a court order for the council to act.</p> <p>The proposal agreed is for a loft extension and other alterations to allow the accommodation of the additional children within the family unit, the purpose of which to enable the children to remain together in a safe family environment being looked after by their maternal Grandmother together with her existing family (two children). By acting in this manner no additional care costs will result from the splitting up of the children that may have otherwise been an option.</p> <p>The CYPT will provide half of the funding for the project.</p>	

Capital expenditure profile				
	2008/09	2009/10	2010/11	TOTAL
HRA General Reserves	£50,000	£0	£0	£50,000
CYPT contribution	(£25,000)	£0	£0	(£25,000)
Net Cost to HRA	£25,000	£ 0	£ 0	£25,000

Financial implications
£25,000 is to be funded by CYPT, net cost to the HRA is £25,000

New capital project approval

Project title: Purchase of Vehicles for Cityparks	Total project cost: £369,334
Project Manager: Robert Walker	Directorate: Environment

Purpose, benefits and risks

When Cityparks was formed by combining what had been Hove Borough Council's DSO with what had been Ecovert's workforce, the majority of the vehicles were replaced. At the time the future of the Arboricultural Team was uncertain, their vehicles were not replaced and they continued to operate with old vehicles transferred from Ecovert. In addition, the Countryside service previously leased their vehicles and also took on some old grass cutting machinery from Ecovert. The lease on two vehicles has expired and one of the grass cutting machines is worn out.

The Environment Agency have become involved in the disposal of green waste at Stanmer, as a result of this we have invited tenders for appropriate treatment/removal of our green waste and in addition plan to minimise the amount of green waste being produced by chipping shrub prunings directly onto beds as a mulch. In addition to the above, three pieces of general parks machinery have worn out.

Failure to keep the fleet in good working order results in productivity losses with direct and indirect effects on service provision. Maintenance costs on old machinery are high and short-term hire to cover shortages of machinery is expensive.

Additional budget was allocated to increase the number of Park Rangers in 2008/09. This project also addresses the need for four additional vehicles to satisfy the transport requirement for the increased service.

All costs will be met from existing budgets, as some existing unsupported borrowing is due to be fully repaid this year, releasing funds to cover the new repayments.

Capital expenditure profile

	2008/09	2009/10	2010/11	2011/12	TOTAL
Unsupported Borrowing	£369,334	0	0	0	£369,334

Financial implications

Whole Life Costing

	2008/09	2009/10	2010/11	Future annual costs
Borrowing costs	£93,124	£96,161	£92,071	£87,978
Employee costs	£0	£0	£0	£0
Running costs	£0	£0	£0	£0
Other costs [Reduced short hire cost]	Saving £27,820	Saving £27,820	Saving £27,820	£0
Other costs [specify]	£0	£0	£0	£0

New capital project approval

Project title: Purchase of Vehicles for Sports Development Total project cost: £10,794

Project Manager: Jan Sutherland Directorate: Environment

Purpose, benefits and risks

The Sports Development section within the Leisure division of Environment has been leasing a vehicle, the lease for which is now expired. The intention is to replace the leased vehicle with a Citroen Dispatch model using Unsupported Borrowing over 4 years.

The repayment cost will be met from existing budgets.

Capital expenditure profile

	2008/09	2009/10	2010/11	2011/12	TOTAL
Unsupported Borrowing	£10,794	0	0	0	£10,794

Financial implications

Whole Life Costing

	2008/09	2009/10	2010/11	Future annual costs
Borrowing costs	£2,722	£2,811	£2,691	£2,570
Employee costs	£0	£0	£0	£0
Running costs	£0	£0	£0	£0
Other costs [Reduced Leasing cost]	Saving £2,225	Saving £2,225	Saving £2,225	£2,225
Other costs [specify]	£0	£0	£0	£0

New capital project approval	
Project title: Places for Change Programme	Total project cost: £950,000
Project Manager: Emma Gilbert	Directorate: Adult Social Care & Housing
Purpose, benefits and risks	
<p>The Communities and Local Government (CLG) recently announced a £70 million round of capital funding available to local authorities for the Places of Change Programme (PCP), which builds on the success of the £90 million Hostels Capital Improvement Programme. Reflecting some of the main national performance indicators for the LAA, the key aims of the funding are to increase the number of clients positively moving on to independent or more appropriate supported accommodation: and to increase the number of clients moving into education and employment. The PCP Funding Round was heavily oversubscribed with bids received totalling £330 million. The South East Region received £6.6 million in total, with Brighton and Hove successfully securing £950,000. We propose to:</p> <ul style="list-style-type: none"> • Redevelop First Base Day Centre (owned and managed by Brighton Housing Trust) to house a multi-functional service aimed at rough sleepers for initial engagement with health and other agencies, relocation services, advice sessions, social activities, a café style training kitchen and social enterprise, and meaningful occupation/work and learning through a range of groups and practical skills; • Refurbish/remodel Palace Place to provide a multi-functional Support and Skills Centre, housing the Stepping In Project for homeless people in temporary accommodation. <p>Palace Place will provide a Skills Centre delivering a range of learning, skills/qualifications and training; work placement programme and employment opportunities, a Job Support Area (both in work and into work) including access to JobCentre Plus job search facilities and in-work benefits advice; motivational and soft skills; peer support and training; an ICT suite for use in tutored sessions, self-directed learning and supervised internet access sessions; training facilities; and several one to one interview rooms. Other services located at the Centre will be housing support, housing options; support to access private rented sector accommodation and the Homeless Psychology Service. Other key agencies and partners will also provide regular advice sessions.</p> <p>The BHCC Community Health Trainer service will also operate from Palace Place. Funded by the Primary Care Trust (PCT), this new service will provide a generic health promotion and improvement service with 'behaviour change' at the centre of its service delivery. This is part of a national NHS initiative, which is outlined in the 2004 Government White Paper Choosing Health. People within the city who have identified that they wish to change an element of their own behaviour to improve their health can access a personalised service that will enable and support them to take some action to address their health issues. We are also looking at the feasibility of opening up the use of the Centre for training purposes and for adult learning providers to use. As a key partner in the Brighton and Hove Learning Partnership, Welfare to Work Forum and participating in the City Employment and Skills Plan, we are well placed to develop this aspect of use for the Centre which could provide additional revenue and enhance progression pathways for our clients</p> <p>Following the comprehensive housing consultation process carried out in 2007/08, improving access to services for vulnerable people to tackle their issues of homelessness and worklessness was identified as a key priority. The Skills and Support Centre at Palace Place and redevelopment of First Base Day Centre will assist the Council to meet its strategic aims and targets for tackling homelessness and worklessness, as identified in the Homelessness Strategy, draft Single Homeless Strategy, Supporting People Strategy and Integrated</p>	

Support Pathway, and has the support of the Council's Senior Management Team (May 08). Work and learning and motivational support has an integral role in the resettlement process, and is essential in helping to meet local targets for planned progression through homelessness services into more independent living. Addressing worklessness is also key to the authority's aims for reducing the number of people in temporary accommodation, making the private rented sector more accessible, and diverting resources away from social housing. Improving access to services for single homeless and rough sleepers will also impact positively on reducing and sustaining reductions in rough sleeping, reduce incidences of repeat homelessness, prevent homelessness and reduce offending and street based anti-social behaviour - all of which has positive social and economic implications for the city as a whole.

Capital expenditure profile

	2008/09	2009/10	2010/11	TOTAL
DCLG	£400,000	£550,000	-	£950,000
	£400,000	£550,000	-	£950,000

Financial implications

First Base

PCP funding of £500,000 agreed - all other costs will be met by Brighton Housing Trust through existing funding from the PCT, Lottery, English Heritage and ASC.

Palace Place/Old Steine:

PCP funding of £450,000 agreed. Single Homeless and LD Accommodation Services have recently relocated to Palace Place having previously been accommodated in Bartholomew House and the privately leased Media Centre (£19k per annum rent/service charge). Staffing and running costs are currently met by Single Homeless budget funded through Supporting People Grant, a proportion of the Homelessness Grant and Learning Disabilities.

Maintenance is currently funded from the ASC/CYPT reactive budget but we are exploring other options to enable us to include a planned maintenance budget. The additional running costs as a result of the refurbishment are expected to be no more than £30,000 per year and these costs will be met from the funding streams mentioned above.

Palace Place/Old Steine is a council owned property currently in need of significant repair, with poor disabled access. The Old Steine section building is currently empty and not generating a rental income. The PCP funding will enable us to significantly improve the building and return it to full use at minimal cost to the Council.

There are no acquisition or disposal costs as the building is owned by the Council.

	2008/09	2009/10	2010/11	Future annual costs
Borrowing costs	£0	£0	£0	£0
Employee costs	£0	£0	£0	£0
Running costs	£0	£15,000	£30,000	£30,000

New capital project approval

Project title: Aiming High for Disabled Children

Total project cost: £447,200

Project Manager: Jenny Brickell

Directorate: Children and Young Peoples Trust

Purpose, benefits and risks

Brighton and Hove is one of 21 Local Authorities who successfully bid for pathfinder status under the Aiming High for Disabled Children Programme.

The Government is investing substantial new monies and the programme is underpinned by £430 million from the DCSF plus additional monies will be coming into PCTs.

As part of this we have been awarded a total of £2.2 million pounds to start a three-year “transformation programme” of short break services for disabled children and young people.

At the centre of the transformation programme is the commitment to establishing a core offer, which will outline clear entitlements for disabled children based on transparent eligibility criteria.

Pathfinders were selected following a rigorous selection process and the fact that we were chosen is evidence of Brighton and Hove demonstrating that we have the capacity to deliver immediate improvements and expansion to our short break services.

There is an expectation that as part of the Pathfinder Programme we have made a commitment to take our learning and share it on a regional and national basis. Neither West or East Sussex were selected - our closest Pathfinder neighbours are Bournemouth, Dorset and Poole who made a collective successful bid.

Capital funding allocations are to be used to secure equipment and building adaptations that will support disabled children’s short break provision. The expectation from the DCSF is that this is additionality for disabled children’s services and should not be used to substitute for funds the local authority should be spending on meeting statutory requirements.

Capital expenditure profile

Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	£134,200	£313,000	£0	£447,200

Financial implications

The capital expenditure is to be funded in full by a capital grant in respect of the Aiming High for Disabled Children. (There is also a revenue grant for this project for 08/09, 09/10 and 10/11). The capital allocation is planned to be spent on building adaptations and facilities to facilitate and support extended short break provision. Any one-off revenue costs associated with the capital expenditure will be funded by the revenue portion of the grant. We are not anticipating any revenue costs associated with the capital expenditure to be ongoing after 09/10.

Request to Reprofile

Department:	HRA Repairs		
Project Name:	Citywide Door Replacement		
Current budget:	£ 2,500,100	Proposed revised budget:	£1,460,050
Total budget change:	£ 1,040,050		

Delays have been caused due to the contract not being signed. In accordance with council policy and best practice, it is imperative to have the contract signed before works commence on site. As such, this has had an impact on the available working months remaining in this financial year. It is now signed and site start is planned for 23rd June but first installations will be in the first week of August.

The original budget split indicates that the following would need to happen in order to achieve spend for 2008/09:

£2,500,073 (allocation of funds for 2007/08 & 2008/09)

If spend were to be achieved by 31st March 2009, a total of 119 fire doors (at an average price of £619) or 169 non fire doors (at an average price of £435) would have to be installed per week.

£420,000 (allocated funds for 2009/10)

A continuation of installations at the same turnaround allows for work for 6 weeks into the financial year before funds are used. The contract duration is until 31st March 2010.

The revised budget split means that the following is applicable:

£1,460,037 2008/09

A turnaround of 69 fire doors (taking an average costing of £619 per fire door) or 98 non fire doors (taking the average costing of £435) per week would be required for the 34 weeks remaining in the financial year.

£1,460,036 2009/10

Maintaining a turnaround of 69 fire doors/98 non-fire doors per week, the financial spend would be achieved in December 09/January 10, well within the financial year and contract duration.

In essence, the service users are not affected by this change. The budget remains the same, but the profiling of the works and the programme is smoother and more efficient.