



**Brighton & Hove
City Council**

**OVERVIEW & SCRUTINY
COMMISSION
ADDENDUM**

4.00PM, TUESDAY, 20 JULY 2010

COUNCIL CHAMBER, HOVE TOWN HALL

ADDENDUM

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	<i>Contact Officer</i> <i>Patrick Rice</i> <i>Tel: 29-1333</i>	
	<i>Ward Affected:</i> <i>All Wards:</i>	
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	Report of the Director of Finance & Resources (copy attached).	
	<i>Contact Officer</i> <i>Catherine Vaughan</i> <i>Tel: 29-1333</i>	
	<i>Ward Affected:</i> <i>All Wards:</i>	

OVERVIEW & SCRUTINY COMMISSION

Agenda Item 17(A)

Brighton & Hove City Council

Subject:	Targeted Budget Management (TBM) 2010/11 and Value For Money Programme Update		
Date of Meeting:	Overview & Scrutiny Commission 20 July 2010 Cabinet 22 July 2010		
Report of:	Director of Finance & Resources		
Contact Officer:	Name:	Patrick Rice	Tel: 29-1333
	E-mail:	patrick.rice@brighton-hove.gov.uk	
Key Decision:	Yes	Forward Plan No. CAB17444	
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report sets out the revenue forecast outturn position as at month 2 and provides an update on the Value for Money work programme. This is a very early forecast of the financial position during 2010/11 and has been prepared in advance of the council's normal timetable in order to provide additional contextual information to the other budget related reports on this agenda.

2. RECOMMENDATIONS:

- 2.1 That the Cabinet notes the provisional outturn position for the General Fund.
- 2.2 That the Cabinet notes the provisional outturn for the Section 75 Partnerships and Housing Revenue Account (HRA) for 2010/11.
- 2.3 That Cabinet approves the budget virement on the Dedicated Schools Grant of £0.434 million as set out in Appendix 1.
- 2.4 That Cabinet notes the position on the Value for Money programme.

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.
- 3.2 The first TBM report for this year was originally scheduled to be month 4 which would have been presented to the September Cabinet meeting. A month 2 forecast is being presented to this meeting as it provides an increased degree of financial context to the other finance reports being considered at this meeting.
- 3.3 In depth work has been undertaken on the forecasts for the corporate critical budgets, however, at this early stage of the financial year it has not been possible to undertake detailed projections on all of the budgets, although all

major variances should have been identified. Budget holders at this early stage of the financial year tend to be prudent when forecasting and so may have been cautious about declaring underspends or improvements in income. The month 4 report that will be presented to the September meeting will include action plans to mitigate directorate forecast overspends.

- 3.4 The provisional outturn at month 2 is shown below. More detailed explanation of the variances below can be found in Appendix 1.

Forecast Outturn 2009/10 £'000	Directorate	2010/11 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
820	Adult Social Care	36,439	36,852	413	1.1%
44	S75 Learning Disability Services	23,251	24,032	781	3.4%
1,958	Children & Young People's Trust	50,454	53,245	2,791	5.5%
(281)	Finance & Resources	18,753	18,745	(8)	0.0%
134	Strategy & Governance	11,930	11,930	-	0.0%
1,209	Environment	36,767	37,284	517	1.4%
364	Housing, Culture & Enterprise	16,483	16,483	-	0.0%
4,248	Sub Total	194,077	198,571	4,494	2.3%
(4,483)	Centrally Managed Budgets	31,897	29,772	(2,125)	-6.7%
(235)	Total Council Controlled Budgets	225,974	228,343	2,369	1.0%
-	NHS Trust managed S75 Services	12,357	12,582	225	1.8%
(235)	Total Overall Position	238,331	240,925	2,594	1.1%

- 3.5 The Total Council Controlled Budgets line in the above table represents the total current forecast in respect of the council's General Fund. This includes all directorate budgets, centrally managed budgets and council-managed Section 75 services. The NHS Trust-managed Section 75 Services line represents those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Trust and South Downs Health Trust and include health and social care services for Adult Mental Health, Older People Mental Health, Substance Misuse, AIDS/HIV, Intermediate Care and Community Equipment.

- 3.6 The forecast outturn on the HRA is as follows:

Forecast Outturn 2009/10 £'000	Housing Revenue Account	2010/11 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Variance Month 2 %
75	Expenditure	47,916	47,812	(104)	-0.2%
205	Income	(47,916)	(47,812)	104	0.2%
280	Total	-	-	-	

- 3.7 Detailed analysis of the HRA provisional outturn is also provided in Appendix 1.

Value for Money Programme

- 3.8 Phase II of the council's VFM Programme is now well underway and all 6 priority projects are now resourced and working toward implementation. The six priority areas are:
- Adult Services Personalisation
 - CYPT
 - ICT
 - Procurement
 - Sustainable Transport & Fleet Management
 - Workstyles (i.e. how and where staff work)
- 3.9 To enable these projects to succeed, the council's 2010/11 budget strategy included significant investment of £0.250 million to provide effective programme management support, business analysis and communications resources. Services have also re-prioritised existing staffing and resources to ensure effective support for the delivery and implementation of these projects. The projects also include other necessary 'invest-to-save' resources and costs which are netted off expected 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. This grant has not been subject to any in-year reduction.
- 3.10 For these priority areas, initial high level analysis indicated that maximum potential value for money gains of £35 million were expected to be achievable over a 4 year period with potential maximum ongoing savings of £18 million per annum by 2013/14. These assumptions are being updated as the projects progress and more detailed information is gathered and analysed. The council's standard project methodology requires these gains to be captured in Benefits Realisation Plans which will be tracked and monitored internally. The latest information on expected financial gains is provided in the Budget Update and Budget Process report elsewhere on this agenda and indicates maximum ongoing gains of £18 million by the end of the programme. Progress against expected financial gains in the current and future years will also be reported through the normal Targeted Budget Management and Budget reporting channels to Cabinet.
- 3.11 Although the programme will deliver very substantial gains, the current VFM Programme will only partly meet the council's budget gap over the next few years based on current service pressure and resource assumptions in the Medium Term Financial Strategy. The council and its services will therefore be required to develop other value for money and/or efficiency savings proposals as far as possible over the coming years but will also need to consider spending reductions, particularly in relation to areas where grant funding is reduced or withdrawn.
- 3.12 A critical area relates to service pressures assumptions in the council's Medium Term Financial Strategy. Where service pressures (e.g. increases in demand for services) can be contained or eliminated as a result of the service transformation brought about by VFM projects or other transformation projects, this could potentially significantly reduce the level of savings that would otherwise be required in future years.
- 3.13 Progress on individual projects to date is as follows:

Adult Social Care:

- A Resource Allocation System (RAS) is now being used for new cases to identify indicative allocations for Self-directed Support (e.g. Personal Budgets).
- A Community Solutions team is now in place to provide an enhanced re-ablement service which aims to enable people to remain in their homes for longer.
- A 'Brokerage' function is now being prototyped to help individuals arrange their care and support.
- Market development is being undertaken with partners to improve the range of care and support for those people taking up Self-directed Support.

CYPT

- The service aims to increase the use of the Common Assessment Framework and introduce a tiered approach to managing social care referrals from other agencies to ensure that universal services and other interventions provide more cost effective care packages commensurate with needs.
- A Joint Funding Panel is in place to review placements and ensure that the cost of care packages are scrutinised and consistent across all cases.
- Similarly, an Area Case Review Process is in place to ensure that high cost and high risk cases are proactively and consistently managed.
- Both of the above are also linked to the development of fully costed interventions so that it is clear what the likely lifetime costs of placement and care package decisions will be.
- Contract and commissioning savings are being drawn up in the context of current services priorities and commissioning strategies.

ICT

- A new tighter ICT Governance process is in place to provide additional scrutiny and spending controls over business cases for new investment.
- An audit of software applications is currently underway to help develop a strategy to rationalise applications and reduce infrastructure costs.

Procurement

- A detailed analysis of category spend now being undertaken which will inform areas to prioritise and target first.

Sustainable Transport

- Fleet Management has been centralised and a process agreed for developing vehicle replacement programmes across all services.
- Bus subsidies were reduced as approved in the 2010/11 revenue budget.
- Expert advisers have been engaged to assist the council in reviewing outdoor events fees.

Workstyles

- The creation of a new Customer Centre and the move of staff from Priory House to Bartholomew House is progressing and is due to complete by summer 2011.
- A strategic review of all of the council's operational property portfolio is underway.

Comments by the Director of Finance & Resources

- 3.14 The overspend forecast at Month 2, while significant is not unexpected for this time of year. However it will only be reduced by the implementation of rigorous financial recovery plans and tight cost control. The most significant pressures are in relation to the Children's Social Care corporate critical budgets, particularly driven by the numbers of Looked After Children. While the Corporate Value for Money programme is starting to impact on costs, the majority of the expected benefits will only be realised in future years.

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: 05/07/10

Equalities Implications:

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

Sustainability Implications:

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

Crime & Disorder Implications:

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

Risk & Opportunity Management Implications:

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

Corporate / Citywide Implications:

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

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

6.1 The forecast outturn position on council controlled budgets is an overspend of £2.369 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 are required to develop 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

Documents in Members' Rooms

None

Background Documents

None

Children & Young People's Trust

Forecast Outturn 2009/10 £'000	Division	2010/11 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
(781)	Director	3,725	3,230	(495)	-13.3%
1,652	Area Integrated Working	28,587	29,406	819	2.9%
(90)	Learning , Schools & Skills	3,988	4,229	241	-6.0%
1,177	Commissioning & Governance	14,154	16,380	2,226	15.7%
1,958	Total	50,454	53,245	2,791	5.5%

Explanation of Key Variances

The budget includes £0.984 million of efficiency savings generated by the Value for Money Project as described in the main body of the report. Current forecast activity levels suggest that this target may not be achieved and at the moment the budget forecasts reflect this. A number of actions have been implemented, although the full financial benefits of these will not be seen until later periods. It is hoped that this will help to reduce the forecast as the year progresses.

Director (£0.495 million underspend), - this budget area relates to the staffing budget of the Director, Assistant Directors and admin support teams. The underspend includes £0.434 million from Dedicated Schools Grant (DSG) which is explained in more detail below.

Area Integrated Working (£0.819 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 £0.410 million despite significant additional funding put into this area at budget setting time because of changes in the law by the Public Law Outline (PLO) and increases in the Court Fees from the Ministry of Justice. The significant increase in the number of children being referred for care proceedings in line with national trends is adding further to budget pressures in this area.

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 £0.455 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 years bursary programme for Sept

2010. This intake of newly qualified social workers will help to reduce dependency on agency social workers.

Learning, Schools & Skills (£0.241 million overspend), the main area of overspend in this area relates to disability agency placements £0.269million.

Commissioning and Governance (£2.226 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 from July 2009 and May 2010. The main areas of overspend in this area relate to Independent Foster Agency Placements of £1.296 million and Residential Placements of £0.621million. As mentioned above work is continuing on the Value for Money programme to reduce this overspend through the planned achievement of £0.984m efficiency savings.

Dedicated Schools Grant

It has been possible to use £0.434m of unspent DSG brought forward from 2008/09 to offset eligible education related costs and therefore reduce the Directorate's overspend. Cabinet approval is required for this as it is in excess of £0.250m. The Schools Forum have been informed.

Finance & Resources

Forecast Outturn 2009/10 £'000	Division	2010/11 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
(162)	Finance	5,900	5,720	(180)	-3.1%
(618)	Customers & Information	9,363	9,413	50	0.5%
499	Property & Design	3,490	3,612	122	3.5%
(281)	Total	18,753	18,745	(8)	0.0%

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.

With Customers & Information, the Registrars Service is forecasting a small overspend of £0.050 million on staffing costs and options for addressing this while increasing accessibility to the service are being explored. No assumptions have been made concerning the Housing Benefits budget for this forecast. The impact as a result of the changes to the benefits system are complex to calculate and will be assessed and reported back to Cabinet as part of the month 4 projection.

Property and Design are forecasting a shortfall on rental income due to rent review increases being agreed at lower levels than anticipated. The lower annual rent has generated an ongoing pressure of £0.025 million, the anticipated back rent was £0.137 million lower than expected. The saving from the under 100kw site electricity contract and from the gas contract which both started in April 2010 has been estimated to be approximately £0.050 million.

Strategy & Governance

Forecast Outturn 2009/10 £'000	Division	2010/11 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
(11)	Equalities & Communities	2,327	2,327	-	0.0%
(64)	Performance & Analysis	611	611	-	0.0%
(26)	Legal & Democratic Servs	3,102	3,102	-	0.0%
15	Policy Unit	855	855	-	0.0%
(128)	Human Resources	4,159	4,159	-	0.0%
76	Executive Office	380	380	-	0.0%
272	Communications	496	496	-	0.0%
134	Total	11,930	11,930	-	0.0%

Explanation of Key Variances

There are budget pressures within Communications of £0.188 million but the service has developed its own Value for Money action plan to reduce this to a breakeven position for example through greater centralisation of spend on marketing and information and increases in income generation and cost recovery.

There are staffing pressures within Human Resources of £0.150 million, although a break even position is forecast to be achieved by the end of the year from the development of additional savings plans.

Environment

Forecast Outturn 2009/10 £'000	Division	2010/11 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
160	City Services	31,069	31,069	-	0.0%
(135)	Sport & Leisure	1,861	1,861	-	0.0%
791	Sustainable Transport	(1,494)	(1,027)	467	31.3%
393	City Planning	5,331	5,381	50	0.9%
1,102	Total	36,767	37,284	517	1.7%

Explanation of Key Variances

City Services and Sport & Leisure are both currently forecast to achieve a break even position.

The main variance on Sustainable Transport relates to a drop in the number of Penalty Charge Notices being issued, this follows a nationally recognised trend for improved compliance. Should the trend be maintained then the expected income shortfall will be £0.500 million. On-street Parking Income is forecast to be £0.95 million below target, although, this is largely offset by improved income generation at the refurbished, London Road Car Park. Forecasting income from parking is very difficult at this stage of the financial year because of the levels of seasonal variation in activity.

The forecast overspend in City Planning is due to a shortfall in income generated by the Building Control Service.

Housing, Culture & Enterprise

Forecast Outturn 2009/10 £'000	Division	2010/11 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast ariance Month 2 %
247	Tourism & Venues	1,652	1,652	-	0.0%
(63)	Libraries & Information Services	4,183	4,183	-	0.0%
297	Royal Pavilion & Museums	2,527	2,527	-	0.0%
(141)	Culture & Economy	3,329	3,329	-	0.0%
(7)	Major Projects & Regeneration	377	377	-	0.0%
31	Housing Strategy	4,415	4,415	-	0.0%
364	Total	16,483	16,483	-	0.0%

Explanation of Key Variances

There have been no formally identified pressures for 2010/11. However areas requiring close monitoring include Venues income, Museums retail and admission income, and Supported Employment income targets and the future of the Workstep grant.

Within the Housing Strategy on-target position, there is an £0.086 million expected overspend within Housing Support Services due to responsive repairs at West Pier Hotel and previously joint funded post with ASC now fully funded by Housing. Private Sector Services are forecasting (£0.076 million) underspend due to vacancy management. The loss of Supporting People Administration grant £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 2009/10 £'000	Division	2010/11 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
(497)	Bulk Insurance Premia	3,019	2,894	(125)	-4.1%
(540)	Concessionary Fares	7,712	7,712	-	0.0%
(598)	Capital Financing Costs	10,446	10,446	-	0.0%
-	Levies & Precepts	201	201	-	0.0%
(2,848)	Other Corporate Items	10,519	8,519	(2,000)	-19.0%
(4,483)	Total	31,897	29,772	(2,125)	-6.7%

Explanation of Key Variances

There is a forecast saving of £0.125m 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 saving has been calculated using the average annual claim payments over the last 5 years. Therefore for 2010/11 the net saving will vary depending on how many claims we receive during the year and value of each claim.

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. This is discussed in further detail on the report on in-year grant reductions.

Section 75 Partnerships

Forecast Outturn 2009/10 £'000	Division	2010/11 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
44	Council managed S75 Services	23,251	24,032	781	3.4%
-	NHS Trust managed S75 Servs	12,357	12,582	225	1.8%
44	Total S75	35,608	36,614	1,006	2.8%

Explanation of Key Variances

Council managed S75 services (Learning Disabilities) are forecast to overspend by £0.781 million. The forecast overspend is attributed to:

- Learning Disabilities mainstream- staffing cost pressures £0.087 million
- Learning Disabilities Community Care-forecast overspend of £0.694 million equivalent to 9 Whole Time Equivalents (WTE's)

These Learning Disability pressures are before the application of the corporate contingency of £0.750 million set aside to address identified risks within the budget strategy.

NHS Trust managed S75 services forecast overspend of £0.225 million based on the following assumptions:

- Sussex Partnership Foundation Trust (SPFT) – forecast overspend of £0.058 million. Significant overspends on community care budget (Adult Mental Health £0.447 million and Older People Mental Health £ 0.188 million) due to the full year effect of 2009/10 placements offset by vacancy management savings of £0.125 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 £0.167 million, due to a staffing pressures on intermediate care services assuming that £0.150 million of identified savings are not achieved.

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 develop a financial recovery plan and to agree a risk share position.

Housing Revenue Account (HRA)

Forecast Outturn 2009/10 £'000	Housing Revenue Account	2010/11 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
(299)	Employees	9,188	9,231	43	0.5%
165	Premises – Repair	11,119	11,119	-	0.0%
(7)	Premises – Other	3,177	3,209	32	1.0%
(267)	Transport & Supplies	2,083	2,035	(48)	-2.3%
(66)	Support Services	2,150	2,140	(10)	-0.5%
170	Revenue contribution to capital	3,543	3,543	-	0.0%
(776)	Capital Financing Costs	3,829	3,829	-	0.0%
1,155	Subsidy Payable	12,827	12,706	(121)	-0.9%
75	Net Expenditure	47,916	47,812	(104)	-0.2%
(4)	Dwelling Rents (net)	(41,330)	(41,330)	-	0.0%
18	Other rent	(1,318)	(1,314)	4	0.3%
185	Service Charges	(4,035)	(3,935)	100	2.5%
39	Supporting People	(494)	(494)	-	0.0%
(33)	Other recharges & interest	(739)	(739)	-	0.0%
205	Net Income	(47,916)	(47,812)	104	0.2%
280	Total	-	-	-	

Explanation of Key Variances

The forecast spend remains as breakeven as at month 2. The main variances are:

- Employees is projected to overspend by £0.043 million. This includes projected costs for the Business Improvement post to manage the implementation of the Housing Service Improvement programme.
- Premises - Other is projected to overspend by £0.032 million due to costs of the office cleaning contract which had not previously been budgeted for. It is anticipated that these costs will reduce as a result of the Housing Service Improvement plan reviews.
- Transport & Supplies is forecast to underspend by £0.048 million. This is due to reduced payments for the Bed & Breakfast accommodation as a result of changes in Housing Benefit (£0.050 million) and underspends on professional fees for Right to Buy applications (£0.030 million). However these underspends are partially offset by service pressures on the costs of producing the Tenants Handbook and safety handheld devices for mobile wardens.
- The Subsidy Payable budget was set using information from the Draft Housing Subsidy Determination and included a contingency amount of £0.100 million to allow for any possible increases that could occur following receipt of the final Subsidy Determination. There were no major changes in the final Subsidy Determination issued which means that the contingency amount is not required and this has resulted in a projected underspend of £0.121 million.
- Leaseholder service charges income is projected to underachieve by £0.100 million. This projection has been forecast following analysis of last years outturn which has shown that the charges are likely to be less than budgeted for.

OVERVIEW & SCRUTINY COMMISSION

Agenda Item 17(B)

Brighton & Hove City
Council

Subject: 2010/11 In-Year Government Grant reductions

Date of Meeting: 22nd July 2010

Report of: Director of Finance & Resources

Contact Officer: Name: Catherine Vaughan **Tel:** 29-1333

E-mail: Catherine.vaughan@brighton-hove.gov.uk

Key Decision: Yes **Forward Plan No.** CAB17416

Wards Affected: All

FOR GENERAL RELEASE

Note: The special circumstances for non-compliance with Council Procedure Rule 7, Access to Information Rule 5 and Section 100B (4) of the Local Government Act as amended (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that the report could only be finalised following the Council meeting on 15th July 2010.

1. SUMMARY AND POLICY CONTEXT:

- 1.2 The Secretary of State for Communities & Local Government announced details of 2010/11 in-year grant reductions for all local authorities on 10 June. These totalled £3.55m for Brighton & Hove City Council covering both revenue and capital grants. There was a further announcement of a reduction in grant received from the Department for Culture, Olympics, Media and Sport on 17 June. On the 5 July the Secretary of State for Education announced reductions to the Education Capital programme relating to the Building Schools for the Future and Academies programme as well as high level reductions in the End Year Flexibility (EYF) allocations. Further details of the EYF allocations were announced on 14 July.
- 1.3 Cabinet on 17th June noted the details of the in-year grant reductions and agreed principles for dealing with the reductions and a timetable for decision making. A report was taken to Full Council on 15th July in accordance with that timetable for noting and comment. A summary of those comments and how they have been considered in the preparation of the recommendations has been included in this report. All the proposals contained in this report are considered to be within the remit of the Cabinet to agree as they are consistent with the Council's budget and policy framework.

2. RECOMMENDATIONS

- 2.1 To note that Cabinet will be taking the following decisions as listed (a)-(e) below on Thursday 22nd July and to provide comments on the information contained in this report.
- (a) To note the comments made by Council on 15th July and how they have been considered in the preparation of this report.
 - (b) To agree the expenditure reductions set out in paragraphs 3.14 – 3.21 required by the in-year grant reductions announced by the government.
 - (c) To agree the use of alternative sources of funding as set out in Appendix 1.
 - (d) To agree the Children and Young People Cabinet Member Meeting make decisions as required on changes to the Education capital programme as a result of the End Year Flexibility reductions.
 - (e) To agree the Environment Cabinet Member Meeting make decisions as required on changes to the Environment capital programme as a result of the End Year Flexibility reductions for the Playbuilder programme.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

Government announcements

- 3.1 The Chancellor of the Exchequer George Osborne announced on 24 May 2010 that £6.2 billion in-year savings would be made in the national budget for 2010/11. Local Government would contribute about £1.2 billion towards the overall target through reductions in government grants although very little detail of which grants and the impacts on individual authorities was given. In order to assist local authorities make the savings additional freedoms and flexibilities were given to authorities with the removal of the ring-fence around £1.7 billion specific grants allowing grant monies to be re-allocated according to local priorities. Again no details were given about which specific grants are affected.
- 3.2 The announcement on 10 June by the Minister for Communities and Local Government Eric Pickles set out details of £1.166 billion savings in 2010/11 local authority grants.
- 3.3 On 17 June the Secretary of State for Culture, Olympics, Media and Sport announced that the resource funding for the governments free swimming programme would cease on 31 July 2010. Details of the actual reduction in grant were received on 6 July which confirmed a reduction of 65% (£0.125m) of the grant funding originally due for 2010/11.
- 3.4 On the 5th July the Department for Education announced reductions to the capital programme. Brighton & Hove will not now be able to enter the

Building Schools for the Future programme. The announcement confirmed the Brighton Aldridge Community Academy will not be affected by the reduction in the capital programme however the proposed Academy for Portslade is under discussion and a decision is awaited on any capital allocation for this scheme. Further information was received on 14 July relating to the reductions in the End Year Flexibility allocations and the impact where known has been included in appendix 3. Discussions with the Department for Education are ongoing and new information continues to emerge.

Interim action taken to minimise the financial impact

- 3.5 Since the first announcement in May Officers have been preparing information on all the specific and capital grants the council receives in order to assist with the decision-making process. This analysis has been refined to reflect the detailed list of government grant reductions and the commitments entered into to date.
- 3.6 A temporary moratorium has been placed on entering into any new spending commitments on all government grant funded services and on the transport capital programme until a revised funding package has been considered and agreed.

Comments made by Full Council on 15th July 2010

- 3.7 The roles and responsibilities of Council and Cabinet in relation to budget decisions are set down in legislation and relevant statutory guidance as well as the Council's own constitution. The combined effect of Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and the Council's Budget and Policy Framework Rules mean that:
- The responsibility for making budgetary decisions on executive functions rests with the Cabinet unless the proposed expenditure or saving is outside the budget and policy framework.
 - If a proposed expenditure or saving is outside the budget and policy framework, then the approval of full Council is needed.
- 3.8 The in-year budget reductions are of real significance to the Council and the City and therefore merited a debate at Full Council. The comments made during the debate at Council are summarised below along with an explanation of how they have been considered in the preparation of this report.
- 3.9 The Full Council debate covered a wide range of issues including the national economic position and policy perspectives on how this should be addressed and openness and transparency in decision making. Some specific projects were mentioned during the debate, in particular those funding from the Youth Capital Fund. This report sets out the proposal to protect existing commitments in this area by replacing the lost grant

funding with monies from the one-off risk provision. The following amendments to the report were agreed by Full Council:

- That in recognition of the huge investment that the Third Sector brings to city service delivery to residents in terms of funding, in-kind support and volunteer time, it be noted that service provision stands to be more adversely affected by the withdrawal of grants and contracts; and
- That in regard to the above, any change in service as a result of these in-year cuts must be subject to a rigorous impact assessment prior to any decisions being made. This assessment to involve the organisations providing the services that are best placed to demonstrate the impact of their work and service users in the wider community who will have strong views about the support that they need and want.
- To request the Overview & Scrutiny Commission and relevant Scrutiny Committees undertake a full scrutiny examination of the in-year reductions to fully assess their impact.

3.10 An urgent discussion will be held with the Chair of the Community & Voluntary Sector Forum on the impact of these proposals on the Third Sector and an oral update will be provided to Cabinet.

3.11 This report will be considered as a late item by the Overview and Scrutiny Commission on Tuesday 20th July and an oral update on the discussions will be provided to Cabinet.

Principles for dealing with the reductions and proposals

3.12 Principles were agreed by Cabinet on 17th June for dealing with the grant reductions, in particular setting out the nature of those decisions that would be consistent with the council's existing budget and policy framework and the nature of any decisions that would require approval by Full Council.

3.13 Since the Cabinet meeting on 17th June further work has been undertaken to determine what factors would be taken into consideration when prioritising the areas for grant reductions. These include:

- the extent to which funding has already been spent or is contractually committed;
- the deliverability of specific proposals to reduce expenditure for example in terms of complexity or lead in times;
- proposing as far as possible a fair distribution of grant reductions across the council and its partners including the community and voluntary sector so that no single agency has a disproportionate impact; and
- anticipating the national policy direction and how the requirements being placed on local authorities in certain areas might be reduced.

£1.580m reduction (24%) in Area Based Grant (ABG) funding received from the Department of Education (DoE).

3.14 There are a number of areas of work funded by ABG where the government is signalling changes in policy direction and long term reductions in funding which the council needs to anticipate and respond to. There are summarised below:

- **Connexions service - £500,000 reduction**
There are strong indications that the government will move from a Connexions service in its current form and shift responsibility for statutory information advice and guidance (formerly known as Careers guidance) directly to schools. It is likely that the rest of the grant will be vulnerable in the longer term. The reduction anticipates this change while protecting that element of the service that we assume will continue. This will mean de-commissioning some of the targeted services provided and this will impact on both council and community and voluntary sector provision. This reduction is in addition to the £200,000 reduction in spend on the Connexions service agreed as part of the budget setting process for 2010/11.
- **School improvement £435,000 reduction**
A fundamental shift in the local authority's relationship with schools is expected which will be matched by long term funding reductions particularly for the local authority's school improvement function. The local authority's role will become more strategic and its operational service will be focused on schools with the greatest need (ie low levels of attainment or in an Ofsted category). The proposed reduction in ABG will therefore be managed as part of an overall review of the CYPT's school improvement function to ensure a core offer is available to schools in need and will involve consulting with schools about the viability of offering a buy back service. This review will include the management of the reduction of central support for the National Strategies which are due to end in March 2011 anyway.
- **Extended schools £48,000 reduction**
We anticipate that in the future the government will only fund the childcare element of extended schools funding through local authorities and it will be up to schools to determine what their extended offer should be. The proposed reduction of 15% in this area is considered to be a reasonable interim step.

Further savings have been identified as follows;

- Children's Fund grant allocation has £167,000 uncommitted
- A review of 14-19 provision following the council taking on responsibility from the Learning & Skills Council in April this year has resulted in £30,000 efficiency savings.

- £115,000 can be achieved through releasing projected underspends against the grant funding, not recruiting to existing vacancies and smaller efficiencies savings.

In addition £195,000 of Dedicated Schools Grant (DSG) will be used to protect all of the funding currently in ABG for the Autistic Spectrum Condition support service, speech therapy services and a learning mentor in the Behaviour & Attendance team. A further £90,000 of DSG has been earmarked to support ABG reductions as a whole.

£105,000 reduction (26.5%) in Road Safety Grant Revenue plus £88,000 in Road Safety Grant Capital (100%)

- 3.15 This overall 40% reduction in grant will be passed on to the Road Safety Partnership who will need to reprioritise within the reduced funding available. Given the severity of the reduction, discussions are now underway with West and East Sussex County Councils, Sussex Police Authority and Her Majesty's Court Service and Sussex Safer Roads Partnership, to determine the future viability of the Partnership and implications of the pan Sussex road safety programme. Proposals will be developed by the end of July.

£30,000 reduction (7.8%) in Home Office funding and £56,000 reduction (29%) in Prevent Grant

- 3.16 These savings will be achieved through a combination of additional income, efficiency savings and a reduction in specific projects to be agreed in consultation with the community.

£164,000 reduction (100%) in Supporting People Administration

- 3.17 The government's expectation is that Supporting People Administration could be incorporated into the administration of other related activities. In the short term this will be funded from an underspend that is created through low utilisation/voids in some services, re-charging and also an additional saving that was created due to decommissioning a service earlier than planned. £119,000 of the reduction will be funded from underspends in the Supporting People welfare grant and the remaining £45,000 from the Housing Strategy revenue budget. There is no reduction in any current funding levels for any of our Supporting People services in this financial year so there will be no impact on existing services. As part of the planning for the 2011/12 budget consideration will be given to how the administration of Supporting People could be delivered alongside other services to achieve this saving on a recurrent basis.

£120,000 reduction (100%) in Housing & Planning Delivery Grant

- 3.18 The original intention of Housing and Planning Delivery Grant was to act as an incentive to local authorities to bring forward housing and prepare the ground for increased delivery but is now considered by the Government to be an ineffective and excessively complex incentive. Therefore on value for money grounds the council will reduce its related staffing expenditure

accordingly and consider alternative models for meeting its aspirations in respect of housing numbers.

£125,000 reduction (65%) in Free Swimming Grant

- 3.19 This reduction assumes free swimming for Under 16s and Over 60s stops at the end of July. One off funding of £25,000 will be drawn from the risk provision to take this to the beginning of September in order to ensure that free swimming for both age groups can take place throughout the school holidays as this has already been publicised to families and carers. In addition the PCT has committed to provide £38,500 funding to enable free swimming for Under 11s to continue until the end of March 2011 as part of their work on reducing obesity in this age group. A further £8,000 will need to be provided by the Council to put this in place.

£171,000 reduction (100%) in LABGI funding

- 3.20 This funding had not yet been committed so there is no impact on services of this reduction.

£1.240m reduction (76% of Integrated Transport capital grant funding) for Local Transport Plan (LTP)

- 3.21 This has been a particularly difficult area to make the required funding reductions due to earlier reductions in the LTP programme, contractual commitments, match funding requirements particularly for the projects with Civitas and Cycle England, essential highway maintenance and the need to prioritise road safety.

£431,000 will be saved by deferring projects that have not yet commenced with a view to re-profiling them into future year's programmes should they still remain a priority.

- Final minor works at the North Street Scheme (£42,000)
- New Road/Church Street Scheme (£55,000)
- A 50% reduction in funding set aside for the Queen's Park Safer Routes to Schools Scheme, which is currently out for consultation (£55,000)
- East Street Walking Scheme (£250,000)
- Walking Facilities – Dropped Kerbs (£29,000)

The following capital budgets totalling £115,000 will be removed or reduced:

- Design of future schemes (£35,000)
- Contingency for residual spend on completed schemes (£79,000)
- Other public transport information will be reduced by £4,000 with £2,000 transferred to pedestrian signing and £1,000 accessible bus stops (£1,000)

As this is somewhat short of the funding reduction required alternative funding sources have been identified to safeguard other important pieces of work:

- the Woodingdean Crossroads scheme which is considered essential to maintain effective traffic flows once the Community Stadium is operational through capital receipts funding connected to the sale of land at Park Wall Farm, Falmer (£410,000)
- ensure no cuts to the street lighting budget through use of a windfall capital receipt in relation to successful legal challenge on the coast protection scheme (£150,000)
- a further contribution from the coast protection monies to support the Bridges/Structures budget (14,000)
- fund the statutory Highways Asset Management Plan from revenue resources through reprioritising some minor highways works (£120,000)

The revised LTP programme is shown at Appendix 2.

Impact of the further announcements in from the Department for Education made on the 14th July

3.22 Further announcements have been made by the Department for Education (DfE), Those in respect of capital have been particularly complex and have been gradually clarified but are not yet necessarily fully understood at the time of writing this report. They have been summarised at Appendix 3. The government is making reductions in co location projects but the Whitehawk Co-location project is sufficiently well progressed that it will not be one of the projects to be cut. The project is on target to meet its aims and will therefore be one of 98 projects to receive continued funding. Most other funding reductions are still being analysed at the time of writing this report. Any further updates will be provided to Cabinet orally at the meeting. In many cases the DfE is withdrawing funding for specific schemes and this will mean they are unable to go ahead. The only area where it is proposed for the Council to provide additional funding to offset the lost grant is the £61,000 reduction in the Youth Capital Fund. It is proposed that the council replaces this grant reduction from its one off risk provision in order to minimise the impact on the community and voluntary sector of the 28 one-off projects funded from this source. If this was not done there is a risk that a significant number of those projects would be unable to go ahead. It is proposed that the relevant Cabinet Member Meetings take any necessary decisions on reductions in expenditure that may be required as a result of this.

Removal of ringfences

3.23 It is not proposed to make use of the additional flexibility provided by the removal of ringfences on certain grants because these remain priority areas for expenditure. This means for example that there will be no reduction in planned expenditure on HIV/AIDS support grant.

Staffing Implications

- 3.24 The proposed expenditure reductions result in an estimated reduction of 41 posts across the council. The council is committed to working positively with staff and unions to avoid compulsory redundancies wherever possible through redeployment and has a good track record of keeping compulsory redundancies to an absolute minimum. Funding has been set aside from the risk provision to meet any redundancy costs.
- 3.25 To minimise the impact on staff directorates have been operating vacancy management controls for some time. Human Resources are coordinating the following measures:
- The examination of every post to be advertised as a possible redeployment for staff at risk before other applications are considered.
 - Searches for alternative employment options across the council and externally in partnership with the Trade Unions.
 - Supported trial periods and identification of training needs.

Summary of funding sources

- 3.26 A range of alternative funding sources have been proposed above and these are summarised in Appendix 1.

4 CONSULTATION

There has been early consultation with the Trades Unions on the in-year grant reductions. Statutory consultation will be required with staff affected and the Trades Unions once the detailed proposals are agreed. Preliminary discussions have taken place with Sussex Police, the Community & Voluntary Sector Forum and the Primary Care Trust on the potential implications for services that are jointly funded. These will need to be continued as more detailed information on implementation is developed,

5 FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 These are contained in the main body of the report.

Finance Officer Consulted: James Hengeveld Date: 19 July 2010

Legal Implications:

- 5.2 The respective powers of Council and Cabinet in the decision-making process are set out in the body of the report. The details of how the in year reductions announced by the government are implemented in Brighton & Hove is a matter for the City council's discretion. In exercising its discretion, the council is required to act reasonably. This includes a requirement not to fetter its discretion by adopting rigid/inflexible rules or policies, the need to consider the particular

circumstances of each service affected, the need to undertake any necessary consultation with those affected where relevant and proportionate given the practical limitation imposed by time. Above all, the council needs to show that it considered all available options with an open mind. The council should also avoid taking any action that involves a breach of its statutory duty or failure to provide services that are mandatory.

Lawyer Consulted: Abraham Ghebre-Ghiorghis
2010

Date: 19 July

Equalities Implications:

- 5.3 Equalities implications have been taken into account when prioritising the areas for grant reductions. An equalities impact assessment on the Connexions Service reduction is in progress to assist with the detailed decisions on implementation.

Sustainability Implications:

- 5.4 The revised LTP programme maintains funding for existing sustainable transport schemes.

Crime & Disorder Implications:

- 5.5 The small reduction in the funding for Prevent is not considered to have any significant crime and disorder implications.

Risk & Opportunity Management Implications:

- 5.6 As part of the process of drawing up the proposed expenditure reductions risk implications have been taken into account for example:
- Considering any legal and contractual implications
 - Considering the implications on wider schemes particularly provided by the community and voluntary sector
 - The lead in times required for delivery of savings

The one off risk provision of £0.5m has been set aside to deal with any residual risks that may arise during the detailed implementation of the proposals and any unforeseen delays.

There is a risk associated with the projected capital receipt from Park Wall Farm as it is subject to negotiation and an agreed sale. £150,000 has already been incorporated into the council's forward projections. Any additional receipt above £150,000 will fund the proposals at Woodingdean crossroads and the remaining windfall income of £338,000 from the Coast Protection legal challenge will be set aside to cover this potential eventuality.

Corporate / Citywide Implications:

- 5.7 Covered in the body of the report.

6 EVALUATION OF ANY ALTERNATIVE OPTION(S)

- 6.1 When any decisions are taken on reducing expenditure or seeking alternative sources of funding there are always a multitude of options available. The proposals in this report start from the premise that if funding has stopped or reduced then the service will be stopped or reduced accordingly. Alternatives to this could include proposing savings in unrelated service areas or to consider the use of any available reserves. The former option would restrict the availability of such savings to offset the council's budget shortfalls on its mainstream budget areas both in the current financial year and in the future. The scale of these shortfalls is set out in the reports elsewhere on this agenda in relation to TBM Month 2 forecast for 2010/11 and the 2011/12 budget setting process. The use of any available reserves could only provide a short term solution to an underlying reduction in available funding and would simply defer the need to make difficult choices about the sustainability of the services funded by specific grants. Given the serious financial challenges

faced by the Council it is recommended that decisions be taken now wherever possible to reduce expenditure in line with the grant funding reductions.

7 REASONS FOR REPORT RECOMMENDATIONS

- 7.1 In-year reductions in spending need to be made quickly to match the reduction in government grants in order to protect the council's overall financial position. The scale of the reductions would increase as the year progresses and there are fewer months left in which to make the savings.

SUPPORTING DOCUMENTATION

Appendices:

Appendix 1	Summary of grant reductions
Appendix 2	LTP reductions
Appendix 3	Latest Department for Education announcements

Documents in Members' Rooms

1. None

Background Documents

1. Files held within Strategic Finance section
2. Government announcements on the 24 May ,10 June and 17th June 2010 details of which can be found on the Treasury and the Department for Communities & Local Government websites and Department for Culture, Olympics and Sport websites.
3. Brighton & Hove City Council Budget report, Feb 2010.
4. Cabinet report 17th June 2010 on 2010-11 in-year grant reductions
5. Council report 15th July 2010

APPENDIX 1

Grant source	Grant Funding reduction	Value of proposed expenditure reduction	Shortfall in funding	Source of funding shortfall	Staffing implications
Area Based Grant (ABG)					
ABG from Department for Education	£1.580m	£1.295m	£0.285m	£0.285m Dedicated Schools Grant	Est 36 posts affected
ABG from Department for Transport	£0.105m	£0.105m	0	n/a	n/a
ABG from Home Office	£0.030m	£0.030m	0	n/a	
ABG from Communities and Local Government	£0.220m	£0.056m	£0.164m	£0.164m Underspends in related mainstream budget area and supporting people welfare grant	None in 2010/11
Total ABG	£1.935m	£1.486m	£0.449m		
Other specific revenue grants					
Local Delivery Support Grant	£0.058m	£0.058m	0	n/a	n/a
Housing & Planning Delivery Grant	£0.120m	£0.120m	0	n/a	3 Posts in Planning projects

Local Authority Business Growth Incentive Scheme	£0.172m	£0.172m	0	n/a	n/a
Free swimming programme	£0.125m	£0.054m	£0.071m	£0.025m risk provision £0.038m PCT funding £0.008m mainstream budget funding	n/a
Capital Grants					
Road Safety	£0.088m	£0.088m	n/a	n/a	n/a
Integrated Transport Block	£1.240m	£0.546m	£0.694m	£0.164m - £0.338m Coast Protection £0.236m - £0.410m capital receipts £0.120m reprioritising in related mainstream revenue budget area	Deletion of 2 vacant posts 1 redundant post
Youth Capital Fund	£0.061m	0	£0.061m	£0.061m risk provision	n/a
Total	£3.799m	£2.570m	£1.229m		

APPENDIX 2

LTP CAPITAL PROGRAMME 2010/11

SCHEME		Original Allocation (£000s)	Revised LTP funding (£000s)	Other funding (£000s)
MAINTENANCE				
Completed Works	Footway Maintenance	50	50	
Committed Spend	Essential Road Maintenance	200	200	
	Highway Asset Management Plan	120	0	120
Rolling Programmes	Highway Maintenance (carriageway)	160	160	
	Street Lighting	150	0	150
	Bridges/Structures	50	36	14
MAINTENANCE SUB-TOTAL		£730	£446	£284
INTEGRATED TRANSPORT				
Completed Works/Spend	Cycling Routes A23 ATC	150	150	
	Other Public Transport Information	20	16	
Commitments to ongoing projects from 2009/10	North Street	450	408	
	New Road/Church Street junction and crossing	60	5	
	Pedestrian Signing	0	2	
	Accessible Bus Stops	0	1	
Commitments to Casualty Reduction including LAA target	Road Safety Engineering	272	272	
	Safer Routes to School	110	55	
Committed Match Funding and Partnership Projects	Travel info - cycle counters (Civitas)	13	13	
	Bike off (Civitas)	11	11	
	Cyclist Signing	0	0	
	Cycling Facilities - Cycle parking	110	110	
	Travel Awareness	80	80	
	Individualised Travel Choices	80	80	
	Business Travel Plan Funding	35	35	
	Emissions VMS (Civitas)	28	28	
	School Travel Plan	25	25	
	Walking Network East St	267	17	
	Missing Links Funding (ROWIP)	10	10	
Rolling Programme of Works	Walking Facilities - Dropped Kerbs	29	0	
	Easy Access Route (ROWIP)	0	0	
	Access to Rail	0	0	
	Scoping/design of future schemes	50	15	

(including BSG)			
Completion of committed 2009/10 schemes	79	0	
Journey Time Analysis	0	0	
New Construction Works			
Woodingdean Crossroads	410	0	410
INTEGRATED TRANSPORT SUB-TOTAL	£2,289	£1,333	£410
INTEGRATED TRANSPORT & MAINTENANCE SUB-TOTAL	£3,019	£1,779	£694

REDUCTION IN GRANT FUNDING

£1,240

REVISED BUDGET

£1,779 £1,779

APPENDIX 3

Latest Department for Education Grant announcements

Government Department and name of grant	2010/11 Original Grant £'000	2010/11 Revised Grant £'000	Change in grant allocation £'000	% Change
Revenue Grants				
Department for Education				
Local Delivery Support Grant (Note 1)	194	136	-58	-30%
Youth Capital Fund (Note 2)	122	61	-61	-50%
Extended Schools Capital (Note 3)	183	83	-100	-55%
Harnessing Technology Grant (Note 4)	660	332	-328	-50%
Targeted Capital Fund (funded over 2 years) (Note 4)	8,000	7340	-660	-8%
Sure Start (Note 5)	3,801	3,501	-300	-8%
Playbuilder (Note 6)	598	?	?	?
Total Additional Estimated Reduction				

Note 1: Delivery Support Grant

The Local Delivery Support Grant is provided to local authorities to help with preparation for the delivery of 14 to 19 Education Reforms. Allocations are based on the number of young people in each authority area and the number of new Diploma lines offered for the first time in each authority. The allocation has been reduced as part of the DfE's scaling back of support for delivery of Diplomas. The providers have been informed of the revised allocation and are confident that the Diplomas can still be provided within this reduced budget.

Note 2: Youth Capital Funding

This fund has been used to allocate funding to small groups for one-off capital projects. The government announcement anticipated that local authorities would honour all existing commitments in this area.

Note 3: Extended Schools Capital

The impact of this is still being analysed.

Note 4: Harnessing Technology Grant

This grant is mainly delegated to schools .The impact of this is still being analysed.

Note 5: Targeted Capital Fund (TCF)

TCF funding paid to local authorities not in BSF is to be cut by roughly £660k per LA. This will affect Brighton & Hove as we did receive this funding (£8 million over 2 years). The impact of this is still being analysed.

Note 6: Sure Start

The Department for Education has announced its intention to manage down the capital expenditure from the Sure Start Early Years & Childcare Grant. The proposal is to identify any projects not yet fully contracted. In Brighton & Hove, all Children's Centres projects are contracted and the budget is fully allocated. The latest advice is that 3 Early Years projects have been allowed to proceed. However the Bevendean Children's association project can only partially proceed saving £0.14m. A further unallocated contingency of £0.16m has been removed giving an estimated total reduction of £0.3m. All of this is still subject to final confirmation.

Note 7: Playbuilder

The original CLG announcement on 10th June included the un-ringfencing of the Playbuilder grant but at that time the funding level was unchanged. Originally the intention was that this flexibility would not be used to protect the current schemes under consultation. This was set out at Council on 15th July. However, in recent days the Department for Education has instructed local authorities not to incur any future contractual liabilities in relation to Playbuilder. The Council has £0.598m allocated in 2010/11. However the funding is now being cut and this will change the position. The amount of the reduction is not yet known.