



Brighton & Hove  
City Council

# Overview & Scrutiny

Title:	<b>Adult Social Care &amp; Housing Overview &amp; Scrutiny Committee</b>
Date:	<b>21 January 2010</b>
Time:	<b>3.00pm</b>
Venue	<b>Banqueting Room, Hove Town Hall</b>
Members:	<b>Councillors:</b> Meadows (Chairman), Wrighton (Deputy Chairman), Allen, Barnett, Janio, Pidgeon, Taylor, Wells and Mitchell
Contact:	<b>Giles Rossington</b> <b>Senior Scrutiny Officer</b> 01273 291038 giles.rossington@brighton-hove.gov.uk

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AGENDA

Part One Page

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**39. PROCEDURAL BUSINESS** **1 - 2**

**40. SCRUTINY OF DIRECTORATE BUDGET STRATEGIES** **3 - 34**

Report of the Director of Strategy and Governance.

*Contact Officer:* Tom Hook *Tel:* 29-1110

*Ward Affected:* All Wards;

**41. ITEMS TO GO FORWARD TO CABINET OR THE RELEVANT CABINET MEMBER MEETING**

To note that comments will be forwarded to 26 January Overview and Scrutiny Commission and to 11 February Cabinet.

The City Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public. Provision is also made on the agendas for public questions to committees and details of how questions can be raised can be found on the website and/or on agendas for the meetings.

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Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

For further details and general enquiries about this meeting contact Giles Rossington, (29 1084, email [giles.rossington@brighton-hove.gov.uk](mailto:giles.rossington@brighton-hove.gov.uk)) or email [scrutiny@brighton-hove.gov.uk](mailto:scrutiny@brighton-hove.gov.uk)

Date of Publication - Wednesday, 13 January 2010

### PROCEDURAL BUSINESS.

#### A. Declaration of Substitutes

Where a Member of the Committee is unable to attend a meeting for whatever reason, a substitute Member (who is not a Cabinet Member) may attend and speak and vote in their place for that meeting. Substitutes are not allowed on Scrutiny Select Committees or Scrutiny Panels.

The substitute Member shall be a Member of the Council drawn from the same political group as the Member who is unable to attend the meeting, and must not already be a Member of the Commission. The substitute Member must declare themselves as a substitute, and be minuted as such, at the beginning of the meeting or as soon as they arrive.

#### B. Declarations of Interest

- (1) To seek declarations of any personal or personal & prejudicial interests under Part 2 of the Code of Conduct for Members in relation to matters on the Agenda. Members who do declare such interests are required to clearly describe the nature of the interest.
- (2) A Member of the Overview and Scrutiny Commission, an Overview and Scrutiny Committee or a Select Committee has a prejudicial interest in any business at meeting of that Committee where –
  - (a) that business relates to a decision made (whether implemented or not) or action taken by the Executive or another of the Council's committees, sub-committees, joint committees or joint sub-committees; and
  - (b) at the time the decision was made or action was taken the Member was
    - (i) a Member of the Executive or that committee, sub-committee, joint committee or joint sub-committee and
    - (ii) was present when the decision was made or action taken.
- (3) If the interest is a prejudicial interest, the Code requires the Member concerned:-
  - (a) to leave the room or chamber where the meeting takes place while the item in respect of which the declaration is made is under consideration. [There are three exceptions to this rule which are set out at paragraph (4) below].
  - (b) not to exercise executive functions in relation to that business and
  - (c) not to seek improperly to influence a decision about that business.
- (4) The circumstances in which a Member who has declared a prejudicial interest is permitted to remain while the item in respect of which the interest has been declared is under consideration are:-

(a) for the purpose of making representations, answering questions or giving evidence relating to the item, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise, BUT the Member must leave immediately after he/she has made the representations, answered the questions, or given the evidence,

(b) if the Member has obtained a dispensation from the Standards Committee, or

(c) if the Member is the Leader or a Cabinet Member and has been required to attend before an Overview and Scrutiny Committee or Sub-Committee to answer questions.

#### C. Declaration of party whip

To seek declarations of the existence and nature of any party whip in relation to any matter on the Agenda as set out at paragraph 8 of the Overview and Scrutiny Ways of Working.

#### D. Exclusion of press and public

To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

*NOTE: Any item appearing in Part 2 of the Agenda states in its heading the category under which the information disclosed in the report is confidential and therefore not available to the public.*

*A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.*

# Adult Social Care and Housing Overview and Scrutiny Committee

## Agenda Item 40

Brighton & Hove City Council

**Subject:** Scrutiny of Directorate Budget Strategies  
**Date of Meeting:** 21 January 2010  
**Report of:** Director of Strategy & Governance  
**Contact Officer:** Name: Tom Hook Tel: 29-1110  
E-mail: Tom.hook@brighton-hove.gov.uk  
**Wards Affected:** All

### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

1.1 The 21 January 2010 meeting of ASCHOSC is a special meeting arranged to allow the committee to scrutinise the directorate budget strategies relevant to Adult Social Care and Housing and in particular:

- Housing Strategy and Learning Disabilities
- Adult Social Care and S75 Portfolio
- Housing Revenue Account

#### 2. RECOMMENDATIONS:

- 2.1 That the committee comments upon the draft budget strategies as appended to this report.
- 2.2 That the committee forwards its comments to the Overview and Scrutiny Commission (OSC) meeting of the 26<sup>th</sup> January to be incorporated into a single scrutiny response to the budget.

#### 3. BACKGROUND INFORMATION

- 3.1 As agreed at the OSC meeting of the 8 September 2009, each Overview & Scrutiny committee is being presented with the opportunity to scrutinise the budget proposals as they relate to their area of responsibility and to forward comments to the OSC on the 26<sup>th</sup> January.

- 3.2 The OSC will produce a single scrutiny response to the draft budget strategies which will be considered at Cabinet alongside a number of other budget related items on the 11<sup>th</sup> February.
- 3.3 The full timetable for the budget setting process is set out in the table below.

Item	Meeting	Date
Budget Strategy	Cabinet	9/12
Scrutiny of culture and enterprise elements of the budget strategy	CTEOSC	14/12
OSC to consider the central services, equalities and sustainability elements of the budget strategy	OSC	15/12
Scrutiny of E&CS elements of the budget strategy	ECSOSC	18/12
Scrutiny to consider ASC&H elements of the budget strategy	ASCHOSC	21/12
Scrutiny to consider C&YPT elements of the budget strategy	CYPOSC	5/01
Council tax base	Cabinet	14/01
Summary scrutiny meeting taking comments from all committees and agreeing a scrutiny response to the budget. This will be tabled at Cabinet on the 11 <sup>th</sup> February.	OSC	26/01
Housing Revenue Account	HMCC	8/02
General Fund Revenue Budget and Council Tax	Cabinet	11/02
Housing Revenue Account	Cabinet	11/02
Capital Reserves and Capital Investment	Cabinet	11/02
Budget Council	Council	25/02

- 3.4 **Appendix 1** contains relevant extracts from the report to be tabled at the 9 December Cabinet meeting. Members should note that this report has been drafted prior to the 9 December meeting and as such some of the information may change. If there are any changes resulting from the Cabinet meeting these will be reported to ASCHOSC.

#### 4. CONSULTATION

- 4.1 No formal consultation has been undertaken in regard to this report.

#### 5. FINANCIAL & OTHER IMPLICATIONS:

##### Financial Implications:

- 5.1 There are no financial implications arising directly from this report, however members should take account of the financial implications in the appended report.

##### Legal Implications:

- 5.2 There are no legal implications arising directly from this report, however members should take account of the legal implications in the appended report.

Equalities Implications:

- 5.3 There are no equality implications arising directly from this report, however members should take account of the equality implications in the appended report.

Sustainability Implications:

- 5.4 There are no sustainability implications arising directly from this report, however members should take account of the sustainability implications in the appended report.

Crime & Disorder Implications:

- 5.5 There are no crime and disorder implications arising directly from this report, however members should take account of the crime and disorder implications in the appended report.

Risk and Opportunity Management Implications:

- 5.6 There are no risk and opportunity management implications arising directly from this report, however members should take account of the risk and opportunity management implications in the appended report.

Corporate / Citywide Implications:

- 5.7 There are no corporate/citywide implications arising directly from this report, however members should take account of the corporate/citywide implications in the appended report.

**SUPPORTING DOCUMENTATION**

**Appendix:**

1. Extracts from the 9 December Cabinet Paper – Budget Update and Directorate Budget Strategies

**Documents in Members' Rooms:**

There are none.

**Background Documents:**

There are none.





<b>Subject:</b>	<b>Budget Update &amp; Directorate Budget Strategies for 2010/11</b>		
<b>Date of Meeting:</b>	<b>9 December 2009</b>		
<b>Report of:</b>	<b>Director of Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Mark Ireland</b>	<b>Tel: 29-1240</b>
		<b>James Hengeveld</b>	<b>29-1242</b>
	<b>E-mail:</b>	<b>mark.ireland@brighton-hove.gov.uk</b>	
		<b>james.hengeveld@brighton-hove.gov.uk</b>	
<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No: CAB 13209</b>	
<b>Wards Affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT**

- 1.1 In July 2009 Cabinet considered and agreed the budget setting process for 2010/11 in the context of having reasonable certainty over government funding allocations for next year. This report sets out latest budget information including the budget strategies for each service. The budget strategies cover financial and service pressures and savings proposals and have been developed within the indicative cash limits agreed by Cabinet in July.
- 1.2 The report follows the agreed timetable which allows Scrutiny approximately 6 weeks to review and report on these proposals before Cabinet considers the overall budget package in greater detail in February. Given the length of time between publication of this report and the final decisions by Council there will inevitably be some changes in income and expenditure projections that come to light requiring amendments to the proposals. However this report is based on the best available information at this time.
- 1.3 The resource projections continue to be based on an indicative council tax increase for 2010/11 of 2.5%. Given the financial uncertainties created by the recession and government resource allocations beyond 2010/11 the medium term financial strategy agreed at Budget Council provided for some flexibilities within the budget by creating risk provisions and a reserves strategy. This report asks Cabinet to consider the allocation of the risk provisions and reserves potentially available for use in 2010/11 in the light of the latest information on the budget, the budget strategies and the service priorities of the Cabinet.
- 1.4 Cabinet are reminded that all decisions about the 2010/11 budget should be taken in the light of a high level of uncertainty regarding resource levels for future years. Over 60% of the council's gross expenditure is funded by government grants which will not be determined for 2011/12 until after the general election. The position on the national finances will be updated by the Chancellor of the Exchequer in the pre-budget report due to be announced on 9 December 2009,

but a significant squeeze on public spending is inevitable to help address the growing levels of government debt.

## 2. RECOMMENDATIONS:

- 2.1 That Cabinet notes the latest budget projections and the key budget issues for future years.
- 2.2 That Cabinet considers and agrees the reserves allocations set out in paragraphs 3.4 and 3.5.
- 2.3 That Cabinet notes and agrees the risk provisions set out in table 4.
- 2.4 That Cabinet considers and agrees the budget strategies for each service as set out in appendix 1.

## 3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS

### *Latest Position 2009/10*

- 3.1 The Targeted Budget Management month 6 report presented to Cabinet on 12 November 2009 showed a projected overspend for the general fund of £0.617m including NHS Trust managed section 75 services. Recovery actions are being undertaken and significant progress is being made to ensure that spending overall remains within budget. However, any projected overspend that remains at the time of setting the 2010/11 budget will need to be incorporated within the budget estimates.

### *Reserves position*

- 3.2 The working balance is currently £9m and is planned to remain at this level over the next 3 years. The following table shows the projected usable reserves position over and above the working balance assuming spending is in line with current projections. The table particularly reflects the improved council tax collection fund performance in 2008/09 and 2009/10.

<b>Table 1 – Usable Reserves</b>	<b>£m</b>
Reserves Balance at 1 April 2009	2.3
Planned transfers agreed at Budget Council 26 Feb 2009	-1.9
Improvements in council tax collection fund and taxbase in 2008/09 actual, 2009/10 and 2010/11 projections	3.5
Resources generated in 2010/11 by lower than anticipated pay award in 2009/10	1.3
Provisional funding for 2009/10 overspend based on month 6 projection	-0.6
Allocations approved by Cabinet during 2009/10 including the Marina planning appeal, swine-flu preparations and Building Schools for the Future	-1.0
Recommended transfers for 2009/10 as detailed in paragraph 3.4	-1.6
<b>Balance estimated as at 1 April 2010</b>	<b>2.0</b>
Provisional allocations recommended for 2010/11 budget as detailed in paragraph 3.5	-1.5
<b>Balance required for one-off risks as detailed in paragraph 3.6</b>	<b>0.5</b>

- 3.3 The £0.7m contribution in 2009/10 included within the month 6 projection and a further £0.55m allocation in 2010/11 to Building Schools for the Future programme will bring the total projected support for the project to its target level of £5m over 5 years.
- 3.4 The table includes recommended transfers in 2009/10 for the following:
- £0.070m for preparations for the introduction of Carbon Trading in 2011/12 including establishing the council's carbon footprint.
  - Transfer of £1.0m to the restructure/redundancy reserve to help spread the costs of reducing staff numbers within the service budget strategies.
  - The upfront costs of £0.5m required to support the development of the LDV previously funded from the receipts from the sale of council houses that have not materialised. This represents temporary funding until the LDV is operational and these costs are repaid. It is possible that up to a further £0.2m may be required to see this project through to financial close and if this arose, it would need to be funded from the balance for one off risks.
- 3.5 It is proposed to provisionally allocate £1.5m general reserves to support the following Cabinet priorities:
- £0.5m investment in the Seafront for the painting of railings and improvements to shelters as well as work at Hove Lagoon;
  - £0.5m to provide a new Transport Model for the City which will be valid for 5 years and will be a platform for planning a range of potential improvements to the city's transport infrastructure for example the development of new park and ride facilities;
  - £0.180m to ensure that Castleham Industries can be kept open in 2010/11 to allow time for careful consideration of the future options for the staff delivering this service in the light of substantial cuts in central government funding;
  - £0.100m for additional internal programme and project management capacity to ensure the delivery of the savings proposals for 2010-11;
  - £0.070m to support the delivery of the council's 10:10 commitment; and
  - £0.150m start up loan funding for a new model of delivery of youth services linked to the Falmer Academy.
- 3.6 Income and expenditure budgets will remain under pressure during the period of recovery from recession next year. The budget therefore needs to make provision for possible one off risks of temporary additional costs or reductions in income as a result of the prevailing economic conditions. A risk provision of £0.5m has been set aside for this purpose from usable reserves.

## **Resource Projections**

### ***Local Government Finance Settlement 2010/11***

- 3.7 The provisional settlement for 2010/11 was announced on 26 November 2009. It showed that the council will continue to receive the minimum floor increase in formula grant of 1.5% or £1.6m for 2010/11 compared to a national average increase of 2.6%.

### ***Dedicated Schools Grant***

- 3.8 Schools funding in the form of the Dedicated Schools Grant (DSG) will increase by £6.9m in 2010/11 based on the indicative allocations announced on 27 October 2009. This sum is based on estimated pupil numbers so may change when the results of the January 2010 pupil count are known. The increased amount per pupil of 4.1% in 2010/11 is however fixed.

Year	Dedicated Schools Grant £m	Cash increase	Per pupil increase	National Per pupil increase
2009/10	127.734			
2010/11	134.682	+5.4%	+4.1%	+4.3%

- 3.9 Not every school within Brighton & Hove will receive an increase in their budget of 4.1% per pupil as each local authority has a local funding formula, which distributes the total funding between each school. The formula does provide for a minimum funding guarantee of 2.1% per pupil. This local formula is agreed by the Schools Forum which is made up of representatives from local schools.

### ***Council Tax***

- 3.10 The resource estimates in this report reflect the council tax strategy agreed at Cabinet in July 2009. The planned increase is 2.5% for 2010/11.

### ***Fees & Charges***

- 3.11 Fees and charges are assumed to increase by the standard inflation assumption of 2% each year. Details of fees and charges for 2010/11 will be presented to the relevant Cabinet Member Meetings (CMM) and onto Council where appropriate prior to Budget Council. Culture and Enterprise fees and charges were presented to Culture, Recreation and Tourism CMM on 15<sup>th</sup> September 2009.

### ***Local Authority Business Growth Incentive (LABGI)***

- 3.12 The LABGI grant is now allocated on the basis of sub-regions and the council forms part of the East Sussex sub-region. The provisional grant payable in 2010/11 may be announced in time for the February budget meeting. The national allocation for 2010/11 was previously confirmed at £50m and based on the council's share of this year's allocation the council could receive about £0.2m. However any recommendations on the use of LABGI funds cannot be agreed until the grant is formally confirmed and assuming confirmation before the end of January will be incorporated into the Cabinet budget at the February meeting.

### ***Concessionary Fares Funding***

- 3.13 The Department for Transport have issued a consultation paper on the possible redistribution of special grant funding in 2010/11 for the national bus concession which has a closing date of 30 December. Under the proposed revised distribution there is no change to the council's special grant allocation for 2010/11 and therefore the budgeted concessionary bus fares special grant remains at £1.8m out of the total costs to the council of £9.3m. The final

allocations are due to be included in the Governments response to the consultation in January 2010.

## **Expenditure Projections**

### ***Budget Estimates Table***

- 3.14 The table below shows the latest budget estimates for 2010/11 and the following sections set out more information on each heading.

<b>Table 3. Budget Estimates (including corporate budgets)</b>	<b>2010/11</b>
	<b>£m</b>
2009/10 Budget b/fwd	219.0
Inflation	2.9
Risk Provision	1.8
Commitments	1.1
Service pressures and reinvestment	12.3
Efficiency Savings	-7.9
Other savings	-3.8
Further CYPT savings to be identified	-1.9
<b>Total</b>	<b>223.5</b>
Change in contribution to / from reserves	3.6
<b>Budget Requirement</b>	<b>227.1</b>
<b>Funding Projections:</b>	
Formula Grant	109.2
Council Tax	117.9
<b>Total</b>	<b>227.1</b>

### ***Function & Funding Changes***

- 3.15 The indicative finance settlement for 2010/11 did not include any significant function and funding changes.

### ***Pay award and Inflation assumptions***

- 3.16 The revised pay award assumption built into the budget for the 2010/11 estimates is 1%. This assumption has been revised since the July following the lower settlement of the 2009/10 pay award. The cash limits have been adjusted to reflect this change and the ongoing resources released from this change have been earmarked for potential additional employer pension costs in future years. If the pay award is lower than 1% then the balance will be retained as a further contingency against single status future pay costs.
- 3.17 The provision for general inflation on both expenditure and income is 2% per annum. Compared to current levels of inflation in the economy this is high but inflation is expected to increase considerably during 2010/11.

### ***Pension fund triennial review***

- 3.18 The pension fund contributions of every local authority are reviewed by independent actuaries every 3 years by law. The next review will be carried out next year and revised contribution rates will be established for implementation in 2011/12. The contribution rates depend on a wide range of factors but the main ones relate to the investment performance of the fund, the levels of pay and pensions and the projected longevity of current and future pensioners.
- 3.19 The council is one of 60 employers within the East Sussex Pension Fund managed by East Sussex County Council (ESCC). Although the Pension Fund has performed consistently above the average for local authority pension funds it has not been immune to the impact of adverse changes in the financial and property markets. However, following an average increase of more than 50% in stock markets across the globe since April 2009 the overall value of the Fund in mid-November was £1.7 billion, about the same level as at the last triennial valuation.
- 3.20 At the annual pension fund forum held by ESCC on 19 November the actuary indicated that the combination of improved investment performance and a smoothing factor within the calculation of future contribution rates, would mean that the latest estimate of the increase in 2011/12 for employers contribution rates is on average 1% which can be phased in over 3 years. The impact of future pay may mean that the increase for the council is slightly higher so 1.5% will be allowed in the budget projections i.e. 0.5% increase or about £0.65m per annum from 2011/12.

### ***Equal Pay Future Pay***

- 3.21 Recurrent resources of £1.63m are included in the contingency to meet the ongoing costs of future pay. This provision was based on the estimated impact of job evaluation at the time of setting the budget. No further resources are planned for future years.

### ***Cash Limits (% change in budgets)***

- 3.22 Cash limits are generated from percentage changes in the 2009/10 adjusted budget based on both the projected demographic changes in services and the Cabinet priorities for services. These percentage changes are net of savings, service pressures and reinvestment and are designed to provide allocations that services are expected to manage within to deliver a balanced budget. The cash limits agreed by Cabinet in July have been adjusted to reflect the lower pay award assumption so that no service is better or worse off. The budget strategies included in appendix 1 set out proposals for each service managing within these cash limits.

### ***Commitments***

- 3.23 A number of commitments have been included to cover the planned changes in budgets from previous decisions. In 2010/11 these include £0.25m replacement funding for grants that have come to an end, additional financing costs of funding the capital programme and part of the financing costs to provide a £5m contribution towards a new Historic Records Centre known as The Keep.

### **Risk Provision**

- 3.24 The resources available to cover risks in the 2010/11 budget are £1.95m. The financial risks in CYPT in relation to the council's responsibilities for safeguarding young people are significant. It is therefore proposed to provisionally earmark £1m from this provision to cover the currently anticipated costs of Looked After Children. Work on the CYPT budget strategy will continue to consider whether any reduction in this assumption can safely be made. A minimum ongoing risk provision of £0.75m is needed to cover uncertainties within 2010/11 and as a reflection of the scale of the savings package that is proposed and the risks associated with delivery. £0.2m from the total resources will be allocated for investment in youth outreach work, particularly targeted at early intervention to prevent social exclusion.

<b>Table 4 – Risk Provisions</b>	<b>£m</b>
Unallocated 2009/10 risk provision carried forward to 2010/11	0.75
Concessionary Fares Budget agreed transfer to risk provision	0.70
Planned 2010/11 Risk Provision	0.50
<b>Total Cabinet approved provisions</b>	<b>1.95</b>
Earmarked for Looked After Children	-1.00
Investment in youth outreach work	-0.20
<b>General Risk Provision</b>	<b>0.75</b>

### **Corporate Budgets**

#### Financing Costs

- 3.25 In the budget reserves of £2.9m were earmarked for 2009 - 2012 to fund reductions in investment interest income until interest rates were projected to return to average levels of about 5%. It is now anticipated that interest rates will remain at lower levels for longer than originally anticipated, however, the debt repayment policy of using invested reserves to repay long term debt should ensure that the original level of earmarked reserves are sufficient for the next 3 years. The financing costs 2010/11 budget and the projections for future years are being prepared and will form part of the budget report to Cabinet in February.

#### Insurance Premia

- 3.26 The council achieved substantial savings when it tendered the bulk of its insurance cover in 2008. Although the agreements are for 3 years the insurance companies re-quote at the end of each financial year for the coming year. The insurance market remains relatively soft and it is not expected that there will be any significant cost increases for next year although the outcome will not be known until March 2010. However, Officers will take the opportunity to ask for a range of quotes with different levels of cover in order to establish the optimal balance between the level of the premia and the level of cover. Preliminary work undertaken on the insurance of the vehicle fleet has identified an opportunity to deliver savings on this element of the portfolio.

## Concessionary Bus Fares

- 3.27 The budget projections for 2010/11 allowed for an increase of 5% in the budget for concessionary fares net of government grant. The payments to the bus operators largely depend upon the number of journeys undertaken by concessionaires and the level of bus fares. The number of journeys has increased by approximately 7% so far this year and it is anticipated that further significant increases will occur next year. Recent discussions with local operators suggest that they currently do not have plans to increase fares next year but this position could change depending on their ability to control costs and maintain commercial revenue during the economic downturn. Based on the most recent information the budget increase allowed for in the original projections for 2010/11 is therefore considered reasonable.

## Service Pressures

- 3.28 Directorate Budget Strategies incorporate service pressures of £11.7m above inflation that are being managed within the cash limit. The most significant pressures are included in the following table -

<b>Table 5 – Main Service Pressures</b>	<b>£'m</b>
Increased Independent Foster Agency and in-house foster placements. The increased costs reflect the significant increase in placement numbers during 2009/10 and a continuing rising trend.	2.5
Demographic growth in Adult Social Care clients (Physical disabilities, vulnerable older people, mental health and learning disabilities).	1.6
Reduction of income due to the recession (Royal Pavilion, development control, Land Charges & commercial property portfolio)	1.3
Reduction in Area Based Grants for preserved rights, supporting people and the removal of the transitional funding for Stronger Safer Communities grant and Neighbourhood Renewal Fund grant.	1.2
Adult social care learning disability transitions from CYPT	0.9
Changes in housing benefit regulations	0.5

## Savings

- 3.29 A total savings package of £11.7m has been identified within the Directorate Budget Strategies, £7.9m through efficiencies, £1.3m through additional income and £2.5m through service changes. Details of the savings proposals are shown in appendix 1.
- 3.30 Work in CYPT is still ongoing to identify the scale of potential savings in their corporate critical budgets and other savings opportunities in order to balance to their cash limit.
- 3.31 Culture & Enterprise, Environment and Finance & Resources have identified savings for reinvestment in addition to those required to meet their respective



cash limits. Details of the reinvestment proposals are contained within their budget strategies.

### ***Staffing Implications***

- 3.32 The council is committed to working positively with staff and unions to avoid compulsory redundancies wherever possible through redeployment. To minimise the impact on staff Human Resources will continue to co-ordinate redeployment through the following measures:
- The examination of every post will be advertised as a possible redeployment for staff at risk before other applications are considered.
  - Searches for alternative employment options across the council in partnership with the Trade Unions. As with the previous 2 years regular meetings with the Trade Unions will be scheduled.
  - Supported trial periods and identification of training needs.
- 3.33 The Directorate Budget Strategies include the deletion of an estimated 101.7 full time equivalent (FTE) posts and at the time of writing this report there are approximately 53.4 FTE redundancies which are likely to reduce significantly as the measures listed above are implemented.

### ***Budget Projections and Issues for Future Years***

- 3.34 A medium term financial strategy covering the years 2010/11 to 2012/13 will be prepared as part of the budget report to Cabinet in February. Part of the report will be an analysis of the key budget risks facing the council. The 2 areas of the budget at greatest risk and uncertainty in the medium term are government grants and pay related budgets.
- 3.35 In 2009/10 the council is likely to receive about £450m in government revenue grants representing approximately 61% of gross expenditure on all services. The level of government funding beyond 2010/11 is unknown and will not be determined until after the next general election when the local government finance settlement is announced in November / December 2010.
- 3.36 Approximately 40% of gross expenditure or £300m is spent on pay and pay related items. Assumptions therefore about the level of future pay awards, pension contributions and single status future pay and allowances have a major impact upon the overall budget.

### ***Capital Programme***

- 3.37 The projected capital programme for 2010/11 of £61.3m is shown in appendix 2. This represents a significant level of investment by the council in difficult financial times and is one of the largest capital programmes in the council's history. The council has received an indicative settlement for 2010/11 and the government resources available are reasonably certain. The proposed programme is fully funded subject to the achievement of £2.4m net capital receipts including Right to Buy sales.
- 3.38 The Corporate investment funds include £0.75m for the Strategic Investment Fund which will be allocated as part of the budget report in February; £1m for the

Asset Management Fund and £0.435m for the ICT Fund which will be allocated in March/April 2010.

- 3.39 In addition to the programme set out in appendix 2 there are resources available to fully fund the construction of the new Falmer Academy, and there is a planned contribution in 2010/11 to the Brighton Centre redevelopment reserve of £0.5m.

### **Housing Revenue Account**

- 3.40 The latest HRA Budget projections as shown in appendix 1, take into account the financial position as at TBM month 6 and the required level of reserves. In setting this budget, officers have taken into account the required level of efficiency savings but also sought to maximise the level of resources available to invest in meeting the Decent Homes Standard.
- 3.41 The budget projections are very provisional at this stage because the draft annual subsidy determination for 2010/11 has not yet been received.
- 3.42 The service has identified savings of £0.636 million, the equivalent of a 6% savings target which will be used to fund inflationary increases such as the pay award.
- 3.43 The HRA will need to fund service pressures from its revenue surpluses which are currently used to fund works in the capital programme. The HRA Budget projections assume a continuing increase in 'Negative Subsidy' resulting in the HRA paying an additional £0.769 million of rental income to the government. The service pressures also include funding to support the Housing Improvement Programme and the Turning the Tide Strategy.

### **2010/11 Budget Timetable**

- 3.44 Timetable for the remaining budget papers.

Council Taxbase	Cabinet	14 Jan 2010
General Fund Revenue Budget and Council Tax	Cabinet	11 Feb 2010
Housing Revenue Account	HMCC	8 Feb 2010
	Cabinet	11 Feb 2010
Capital Resources and Capital Investment	Cabinet	11 Feb 2010
Budget Council		25 Feb 2010

## **4. CONSULTATION**

- 4.1 The budget and council tax consultation process was agreed by the cross party Budget Review Group. For 2010/11 the consultation has involved a budget questionnaire to a random sample of residents across the city. The results of this consultation are due in December 2009 and will be circulated to all Members. The council has a statutory duty to consult with business ratepayers and a meeting will be held in January/February.

- 4.2 The Budget Report to Council in February 2010 will represent a culmination of the budget process which will have included a number of consultative processes including members, trade unions and in some cases service users.

## **5 FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

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

*Finance Officer Consulted: Mark Ireland*

*Date: 24/11/09*

### Legal Implications:

- 5.2 Agreeing the budget strategies of each directorate is part of the Cabinet's function of formulating budget proposals for subsequent consideration and adoption by Full Council. Cabinet is also able to consider and agree the provisional risk provision and reserves allocations. The recommendations at paragraph 2 above are therefore proper to be considered and, if appropriate, approved by Cabinet

*Lawyer Consulted:*

*Oliver Dixon*

*Date: 24/11/09*

### Equalities Implications:

- 5.3 The budget includes provisions to meet both equal pay compensation and address inequalities in pay through the implementation of job evaluation. All budget proposals have been considered by each Directorate to determine whether they are covered by existing Equalities Impact Assessments or whether new ones are required and if so, how and when they need to be completed. Where appropriate the findings from existing Equality Impact Assessments have been considered as part of the proposal process.

### Sustainability Implications:

- 5.4 Sustainability issues will be taken into account throughout the council's budget setting process.

### Crime & Disorder Implications:

- 5.5 The budget projections identify resources to help replace the reduction in government grants funding of certain crime and disorder initiatives.

### Risk & Opportunity Management Implications:

- 5.6 There are considerable risks to the council's short and medium term budget strategy including the impact of the recession and changes in the national economy, spending exceeding budgets, pressures on existing budgets, further reductions in grant, legislative change demands for new spend. The budget process includes the recognition of these risks in determining the 2010/11 budget and relevant risk provisions are set out in the body of the report.

Corporate / Citywide Implications:

5.7 The report is relevant to the whole of the city.

**6 EVALUATION OF ANY ALTERNATIVE OPTION(S)**

6.1 The budget process allows all parties to put forward viable alternative budget and council tax proposals to Budget Council on 25 February. Budget Council has the opportunity to debate both the proposals put forward by Cabinet at the same time as any viable alternative proposals.

**7 REASONS FOR REPORT RECOMMENDATIONS**

7.1 The council is under a statutory duty to set its council tax and budget before 11 March each year. This report sets out the latest budget assumptions, process and timetable to meet its statutory duty.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. Directorate Budget Strategies and overall summary.
2. Capital Investment Programme 2010/11

**Documents in Members' Rooms**

None

**Background Documents**

1. Files held within Strategic Finance section

## Summary

	Culture & Enterprise £'000	CYPT £'000	Environment £'000	Finance & Resources £'000	Strategy & Governance £'000	ASC&H - Housing & LD £'000	ASC&H - ASC & Section 75 £'000	General Fund Total
2009/10 base budget	11,091	45,216	36,487	18,348	11,727	27,145	48,685	198,699
Inflation	112	686	439	172	127	391	767	2,694
Service Pressures	457	4,564	1,202	920	70	2,551	1,934	11,698
Reinvestment	236		150	184				570
Efficiency Savings	-495	-522	-936	-1,046	-227	-2,017	-2,671	-7,914
Other Savings	-227	-1,815	-922	-355	-83	-375	0	-3,777
2010/11 Budget Strategy	11,174	48,129	36,420	18,223	11,614	27,695	48,715	201,970
Cash Limit	11,174	46,189	36,420	18,223	11,614	27,695	48,715	200,030
<b>Savings to be identified</b>	<b>0</b>	<b>1,940</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,940</b>

Staff posts affected	34.0	14.0	20.0	25.0	16.0	0.0	51.0	<b>160.0</b>
Estimated posts deleted FTE	17.5	9.7	6.0	20.0	10.0	0.0	38.5	<b>101.7</b>
Estimated Redundancies FTE	13.4	0.0	3.0	13.0	2.0	0.0	22.0	<b>53.4</b>

## **HOUSING STRATEGY AND LEARNING DISABILITIES 2010/11 BUDGET PROPOSALS**

### **Strategic Context and Direction of Travel**

Housing Strategy & Learning Disabilities division contributes to the city's ambitions in the Community Strategy and through the priorities set within the Corporate Plan. Its main aims are to reduce inequality, support independence and improve the quality of life in the City. The division is also actively involved in supporting the wider agenda of partners in the health sector and children's services.

The context of our service and financial planning includes continued high levels and increasing complexity of housing and support needs in the City, in particular in learning disabilities and housing adaptations. There is a significant impact of Housing Benefit changes for temporary accommodation and hostels and potential knock on impact on Adult Social Care & Housing service users. Grant funding is being reduced in a variety of areas including housing capital and adaptations budgets and Supporting People which could increase costs in other service areas.

Following recent announcements there is significant uncertainty at a national level over long term funding arrangements for adult social care.

### **Strategic response to this context:**

The proposals are a continuation of the direction of travel over the last three years including:

- Creating effective pathways through accommodation to maximise resources, independence and prevent homelessness.
- Negotiating savings with Supporting People providers to reduce unit costs in light of significant cuts in grant funding
- Commissioning new services for people with learning disabilities to improve value for money.
- Maximising inward investment and best use of resources in the delivery of major adaptations and private sector renewal assistance we have ensured that people can remain in their own homes and so minimise the impact on community care budgets.
- Maximising commissioning options with our Registered Social Landlord partners to deliver more housing with support, (up to 16% of total affordable housing delivery, 100% lifetime homes and 16% of homes fully wheelchair adapted).
- Continuing to improve performance and efficiency through a focus on our customers, use of technology and innovation, and reviewing our business processes to create efficiencies.
- Ensuring we maximise appropriate income streams.
- Ensuring we continue to meet our obligations to safeguard vulnerable adults.

### Financial and Service Pressures

The main financial pressures on the Directorate's services over the next three years are shown in tables 1 and 2 below:

<b>Table 1 - unavoidable service pressures which are dealt with as part of the budget strategy</b>	<b>2010-11 £'000</b>
<b>Housing Strategy</b>	
Housing Benefit rates-DWP changes	500
<b>Sub –total Housing Strategy</b>	<b>500</b>
<b>S75 Council Lead : Learning Disabilities</b>	
Transitions from CYPT equivalent to 16 service users	885
Demographic Growth Learning Disabilities equivalent of 33 service users	516
<b>Sub –total S75 Learning Disabilities</b>	<b>1,401</b>
<b>TOTAL PRESSURES HSG &amp; LD</b>	<b>1,901</b>

<b>Table 2 - Service Pressures as a result of grant funding coming to an end (dealt with as part of budget strategy)</b>	<b>2010-11 £'000</b>
<b>Housing Strategy</b>	
Reduction in Supporting people Grants	592
<b>Sub –total Housing Strategy</b>	<b>592</b>
<b>S75 Council Lead : Learning Disabilities</b>	
Reduction in Preserved Rights Grants	58
<b>Sub –total S75 Learning Disabilities</b>	<b>58</b>
<b>TOTAL PRESSURES HSG &amp; LD</b>	<b>650</b>

These pressures require the directorate to find £2.4m of savings (or 8% of its net budget) to meet the target cash increase over 2009/10. The target increase in cash limit over 2009/10 is a reduction of £0.036m on Housing and 3% (0.586m) for Learning Disabilities. The cash limit has been met from improved efficiency (£2.017m or 7% of the budget), and increased income (£0.375m or 1%).

#### **Approach to savings in 2010/11:**

##### ***Housing Strategy***

The approach to the 2010-11 budget is in line with the strategic response context outlined above in particular to maximise income through conversion of Management Agreements to lease arrangements which will attract higher level of housing benefit in light of the new DWP Housing Benefit changes from April 2010 and so generate £147,000 savings.

Better commissioning of leased accommodation through improved contract management, reduced void levels and improved processes will generate £275,000

Efficiency savings in supplies and services, income maximisation and renegotiation of current leasing arrangements within hostels £143,000

**S 75 Council Lead: Learning Disabilities**

The approach to the 2010-11 budget is to continue to improve value for money through better commissioning and contracting to save £221,000. Increasing the use of Personalised Budgets and prevention to manage growth more effectively and reduce the numbers of people in residential care through use of supported living and private sector housing models will save £425,000. As a result this will enable people to move on into personalised services to maximise their independence, choice and control. Commission a new personalised supported living service in Wellington Road to provide efficiencies for new and existing placements generating £328,000 savings. Ensure appropriate funding streams are received including Continuing Health Care which should deliver £261,000 additional income.

**Supporting People**

The reduction in grant funding of £592,000 will be delivered within the existing Supporting People strategy which had been planning for this level of year-on-year reductions through service remodelling and efficiency savings. It is particularly dependent on the availability of appropriate “move-on” accommodation.

**Staffing Implications for the Directorate:**

No staffing implications are anticipated at this time.

**Key Risks:**

Plans should be reviewed in the context of risk around receipt of Continuing Healthcare funding from the PCT for claims submitted in 2008/9 which remain unresolved.

**2010/11 Budget proposals summary:**

<b>Adult Social Care and Housing</b>						
	Adjusted Base Budget 2009/10	Inflation	Service Pressures	Efficiency Savings	Other Savings	Net Change in Budget to 2010/11
<b>Main Service Area</b>	£'000	£'000	£'000	£'000	£'000	£'000
Housing Strategy	4,505	29	1,092	-1,043	-114	-36
S75 Learning Disabilities	22,640	362	1,459	-974	-261	586
<b>TOTAL</b>	<b>27,145</b>	<b>391</b>	<b>2,551</b>	<b>-2,017</b>	<b>-375</b>	<b>550</b>



## **ADULT SOCIAL CARE & S75 PORTFOLIO 2010/11 BUDGET PROPOSALS**

### **Strategic Context and Direction of Travel**

Adult Social Care is a statutory service and directly provides or commissions advice and support services for vulnerable adults in the City including disabled people, older people, people with mental health problems, including dementia, and those with sensory loss. The services provided include a universal offer of advice and signposting through to support for independent living, re-ablement, equipment and adaptations, day options and residential and nursing care.

The context of our service and financial planning includes demographic growth in Physical Disability and Older People users along with increasing complexity of needs.

There are nationally driven reforms to adult social care including self directed support, personalisation of service provision and budgets and their impact on the use of a Resource Allocation System (RAS)

There are changes to provision of health services which have consequences for social care provision in particular reconfiguration of Acute Mental Health services and the impact of the recommendations from the review of Continuing Health Care

As mentioned earlier there is significant uncertainty at a national level over long term funding arrangements for adult social care. This is in addition to the Social Care Reform Grant being in its last year of agreed funding at £1.167m in 2010/11.

### **Our strategic response to this context includes:**

The proposals are a continuation of the direction of travel over the last three years including:

- Reducing costs in most services, using “systems thinking” across the Directorate over 3 years.
- Reviewing our approach to S75 partnership arrangements and agreeing clear responsibilities.
- Achieving better value for money and customer service by improving performance and efficiency through technology, and better business processes.
- Developing appropriate accommodation and support and maximising housing options.
- Maintaining income levels where possible by maximising benefits.
- Improving value for money more widely through collaboration, health partnership, strong commissioning and alternative models of service delivery. Developing joint initiatives including Shared Lives.
- Focusing on the well-being agenda and working collaboratively to deliver this.

### Financial and Service Pressures

The main financial pressures on the Directorate's services over the next three years are shown in tables 1 and 2 below:

<b>Table 1 - unavoidable service pressures which are dealt with as part of the budget strategy</b>	<b>2010-11 £'000</b>
<b>Adult Social Care</b>	
Demographic Growth- Physical Disabilities- equivalent to 40 additional homecare service users	309
Demographic Growth and increasing complexity and increasing vulnerability Older People, equivalent to 26 service users	400
Expected overspend 2009/10- resultant pressure on 2010/11	780
<b>Sub –total Adult Social Care</b>	<b>1,489</b>
<b>S75 Health Led : Provided through Sussex Partnership Foundation Trust (SPFT) and South Downs Health Trust (SDHT)</b>	
Demographic Growth Adult Mental Health equivalent of 4 service users plus reconfiguration of health services (£200,000 pa)	367
<b>Sub –total S75 Health</b>	<b>367</b>
<b>TOTAL PRESSURES FOR PORTFOLIO</b>	<b>1,856</b>

<b>Table 2 - Service Pressures as a result of grant funding coming to an end (dealt with as part of budget strategy)</b>	<b>2010-11 £'000</b>
<b>Adult Social Care</b>	
Reduction in Preserved Rights Grants	58
<b>Sub –total Adult Social Care</b>	<b>58</b>
<b>S75 Health Led : Provided through Sussex Partnership Foundation Trust (SPFT) and South Downs Health Trust (SDHT)</b>	
Reduction in Preserved Rights Grants	20
<b>Sub –total S75 Health</b>	<b>20</b>
<b>TOTAL GRANT PRESSURES FOR PORTFOLIO</b>	<b>78</b>

These pressures require the directorate to find over £2.6m of savings for this portfolio (or 5.4% of its net budget) to meet the target cash increase over 2009/10. The target increase in cash limit over 2009/10 is 0.5% (£0.244m) for Adult Social Care & Housing and S75 Health Led Partnerships.

## **Proposals for main savings**

These proposals are set within the context of the transformation of social care services set out within the agenda of the Putting People First concordat. They are broadly set out under 4 headings.

### ***Personal Budgets***

The shift in focus is that everyone who meets the council's eligibility criteria (critical and substantial) will be allocated a Personal Budget (PB). Through the application of a Resource Allocation System (RAS), service users work with the authority to agree their assessed and eligible needs; these needs are then allocated a resource amount which the person then chooses how to spend, thereby giving more choice and control. Carers generally welcome this approach because the person is given access to a much wider range of services. Research shows that in most cases the costs are reduced.

From 2010/11 all new clients will be allocated a personal budget. In addition, those service users who receive community care will also move to personal budgets during the year as their needs are reviewed. The savings set out are therefore based on 2,000 service users with 30% of people receiving community based services benefitting from this new model of funding social care.

As a result savings of £410,000 can be made by individuals making more cost effective decisions about services which are more tailored to their needs, maximising individual benefits and other sources of income.

### ***Re-ablement***

Following a value for money review of home care we have moved mainstream resources into the independent sector and reinvested the savings made to establish new and innovative services in the form of the 'Community Solutions Team' and 'Independence at Home'. This team, a mix of home care and OT staff, now works with all new referrals from the Access Point to ensure that maximum independence can be achieved, resulting in lower admissions to residential care and lower 'at home' support costs.

Analysis during the first six months of this service has demonstrated significant success with over 50% of people needing far less support after 6 weeks of re-ablement.

The future savings proposals are based on wider roll out of re-ablement over the next few years. The financial sustainability model demonstrates that savings of 28% can be realised by applying this model not only to those at risk of not returning home but to those that have needs that could be better met by further utilisation of technology (Telecare), aids and adaptations and re-skilling.

As a result of this more effective re-ablement model of service provision £200,000 can be saved when applied to referrals from the Access Point and hospital discharges.

### ***Workforce***

Traditional workforce models will not be appropriate for a transformed social care service. The new service will be based on self assessment and co-production, this will be supported by the development of User Led Organisations (ULO's) that will assist people to become 'brokers' of their own service design and delivery. We have developed a new workforce strategy

designed around this and the principles of a whole system approach. What this means in reality is that experienced and qualified staff will be deployed into 3 key areas of; robust assessment of need at first point of contact, reviews that focus on re-ablement, personal budgets and co production and safeguarding. These design principles will take our most qualified and experienced staff away from the bureaucracy and place them in key roles best matched to the highly professional skills they have.

Financial modelling of this new service design shows that 10% savings can be made across the workforce. However, whilst the above are being implemented stability need to be maintained, therefore a greater quantity of workforce savings will be delivered during 2011/12. In 2010/11 it is anticipated that £300,000 could be achieved.

### ***Market Redesign***

The above strategies will result in a fundamental market shift that will need careful management. Already the use of personal budgets has resulted in people opting for more person centred services resulting in, for example, a reduced take up of traditional day services. Therefore one of the budget savings proposals is to de commission a day service that has less than 60% take up which is expected to generate savings of £200,000. Those people who still require this service can easily be accommodated in the other day service provision that is also experiencing less than optimal use.

Other savings include:

- Better commissioning of provider contracts to save £50,000.
- Redesign short term services in the community and bed based to reduce length of stay, prevent admissions to hospital and enable service users to regain independence to save £100,000.
- Review financial assessment functions by implementing Value for Money review recommendations and increasing client contributions to generate £40,000.
- Implement recommendations from commissioning strategy for OPMH £70,000.
- Sensitively review all Older People Mental Health /Adult Mental Health placements focussing on reduction in costs and increased 'move on' to deliver £290,000
- Review arrangements at Intermediate Care facility and reduce unit costs £300,000 by ensuring that health fund the appropriate levels of care in this setting.
- Review Integrated Community Equipment Service arrangements and respective contributions of social care and health.

Better commissioning of services from independent sector providers will drive out efficiencies of £300,000 by cash limiting contract values. This will enable us to achieve reductions in unit costs and bring spend in line with comparator authorities. Similarly, partnership contributions to the Sussex Partnership Foundation Trust (SPFT) will be cash limited to save £200,000. This will impact on partnership relations and relies on SPFT delivering efficiencies.

**Back Office support**

Review of strategic functions and discretionary services will deliver savings as follows – International Development £46,000, Healthy Cities £105,000 and Better government for Older People £4,000.

Reductions in supplies and services costs including energy assumptions will deliver £56,000

**Staffing Implications for the Directorate:**

Latest estimates indicate that approximately 51 staff posts may be affected which could result in up to 22 redundancies.

**Key Risks:**

Delivery of savings will be dependent on successful consultation with health partners, client representatives and staff groups. The scale of the savings and the changes to the model and funding of care are very significant. The change programme will need to be well resourced and tightly monitored to ensure delivery.

There are a range of complex assumptions that underpin the budget including demand for services and the impact of remodelling on costs.

**2010/11 Budget proposals summary**

<b>Adult Social Care &amp; Health led S75 arrangements</b>						
	Adjusted Base Budget 2009/10	Inflation	Service Pressures	Efficiency Savings	Other Savings	Net Change in Budget to 2010/11
<b>Main Service Area</b>	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	36,117	560	1,547	-1,811	0	296
S75 SPFT	10,477	183	387	-560	0	10
S75 SDHT	2,091	24	0	-300	0	-276
<b>TOTAL</b>	<b>48,685</b>	<b>767</b>	<b>1,934</b>	<b>-2,671</b>	<b>0</b>	<b>30</b>

## HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS 2010/11

### Strategic Context and Direction of Travel

The HRA budget will be set within the context of the overall aim of 'achieving excellence', by focusing on five core strategic priorities as detailed in the Housing Management Service Improvement Plan 2009 - 2012. These are:

1. Improve services to an excellent standard, with residents at the heart of everything we do
2. Improve the quality and sustainability of our homes and neighbourhoods
3. Deliver value for money services and maintain a sustainable 30 year business plan
4. Make best use of our housing stock to address housing need
5. Ensure that social housing provides a platform for reducing inequality and creating opportunity

The HRA Budget will also be developed to provide a balanced budget taking into account the HRA subsidy determination and other income and expenditure assumptions. The council's Medium Term Financial Strategy outlines an efficiency savings target for all services across the city of 4%. In setting this budget, officers have taken into account the required level of efficiency savings but also sought to maximise the level of resources available to invest in meeting the Decent Homes Standard.

### Strategic Response in this Context:-

- An annual Housing Subsidy settlement which will result in a net transfer of resources to the government from the council.
- Aligning our resources with the Housing Improvement Plan priorities. This includes investment in the Turning the Tide strategy to tackle anti-social behaviour and reduce social exclusion; the Resident Involvement Strategy, including engaging with residents on developing a local priorities framework and establishing a Tenant Management Organisation; and the new Strategic Repairs, refurbishment and Improvement Partnership.
- Reducing our management costs in recognition of the need to achieve greater value for money in order to have a sustainable future.
- Mobilisation of the 10 year Strategic Repairs, Refurbishment and Improvements partnership. The new contract will result in the transfer of some council staff to our partner contractor. The council will be required to ensure that the employer's contributions to individual's pension schemes up to the date of transfer are fully funded. These are contributions that the HRA, without transfer of staff, would fund over a much longer time frame. The council's exact liabilities will not be known until March 2010.
- The development of a new 'Super Centre' to achieve the strategic aims of the 10 year partnership as well as delivering VFM in terms of the corporate accommodation strategy.

- Lease properties under the LDV scheme over the next four years and the impact on the revenue position.
- Achieve maximum benefit from our asset base and maximise the level of revenue resources available to support the Decent Homes Programme.

**Financial and Service Pressures**

<b>Table 1 – unavoidable service pressures which are dealt with as part of the budget strategy</b>	<b>2010-11 £'000</b>
Pay and Prices	656
Increase in Subsidy Payment to Government net of rent increase and capital financing	769
TUPE costs – payment over 3 years	350
St James House - development of Tenant Management Organisation	16
Reduction in Investment Income	70
<b>TOTAL</b>	<b>1,861</b>

<b>Table 2 - Service improvements (dealt with as part of the budget strategy)</b>	<b>2010-11 £'000</b>
Additional resources to support Housing Improvement Programme	83
Turning the Tide (increasing the HRA resources to £0.487m)	126
<b>TOTAL</b>	<b>209</b>

The costs of mobilising the new Strategic Repairs, Refurbishment and Improvements Partnership and the Super Centre have been offset against savings in the responsive repairs and voids service from the new contract.

The total service pressure are £2.07m which reduces to £1.434m after taking into account savings proposals.

The HRA currently uses its revenue surpluses to support the capital programme. This will result in a £1.434m reduction in available funding for the 2010/11 capital programme. Although this will reduce the level of funding available to meet the Decent Homes programme, the level of revenue contributions to the programme is in line with the current HRA Business Plan projections to meet decency by 2013.

**Approach to savings in 2010/11:**

Housing Management has identified savings of £636,000 (equivalent to 6% savings target) in the following areas:

- A saving of £176,000 from leasing temporary accommodation properties to the LDV.
- A reduction in supplies and services of £108,000.
- Efficient procurement will achieve savings of £25,000 from the new laundry service, £100,000 from the Sub 100kw electricity contract and £66,000 from the provision of the out of hours repairs service through the new partnership.
- Improved collection of rental income which will result in a reduction in the contribution to Bad Debt Provision of £51,000.
- Garages and car parking charges were reviewed and recommendations for new charges and zone areas were approved by Policy & Resources Committee in November 2006. This report recommended that caps should apply to some charges and they should remain static until April 2010. The removal of these caps for 2010/11 will increase income by approximately £80,000.
- A review of current leaseholder service charges has identified £30,000 in respect of service contracts that will be charged to leaseholders.

**Staffing Implications for the Directorate:**

There are no staffing implications from the savings proposals.

**Key Risks:**

The draft subsidy determination has not yet been received and is due shortly. Once received and analysed, further information will be provided to Cabinet.

The savings from leasing temporary accommodation properties to the LDV are based on the current proposed leasing timetable. Any changes to the timetable will impact on the level of savings achieved.

The mobilisation costs, Super Centre and TUPE costs in respect of the new strategic repairs partnership are greater than anticipated. These budgets will need to be closely monitored throughout the year to ensure that costs are contained.



**Footnote to all strategies:**

**Explanation of “systems thinking” reviews being used to deliver efficiency savings across a wide range of services**

“Systems Thinking” reviews (also known as Lean Reviews) are becoming widely used across service organisations to identify improvements in customer service and efficiency. The reviews focus on what matters to customers or stakeholders and try to ensure that processes are designed to concentrate only on work that is of value to the customer or stakeholder. This is a different way of looking at services compared with traditional service reviews which do consider customer needs but often focus too heavily on organisational, professional, functional or administrative requirements.



<b>Capital Investment Programme Summary</b>	<b>2010/11 £000</b>
<b>Corporate Funds</b>	
- Strategic Investment Fund (Major Projects unlikely to require more than £0.5m therefore £0.25m available for other capital projects)	750
- Asset Management Fund	1,000
- ICT Fund	435
<b>Children &amp; Young Peoples Trust</b>	
- Devolved capital to schools	2,885
- Primary Capital Programme	5,453
- Targeted Capital Fund	6,000
- Children's Centres & early years	1,601
- Modernisation	2,305
- Other education & children's services	3,524
<b>Culture &amp; Enterprise</b>	
- The Keep	500
<b>Strategy &amp; Governance</b>	
- Human Resources System	383
<b>Environment</b>	
- Local Transport Plan	3,019
- Falmer infrastructure works	1,040
- Funding to support King Alfred	750
- Other environmental services	1,338
<b>Finance &amp; Resources</b>	
- Borrowing for operational vehicles	1,750
- Planned maintenance for Social Care buildings	500
- Planned maintenance for operational buildings	1,000
- Other F&R services	233
<b>Adult Social Care &amp; Housing</b>	
- HRA stock	22,200
- General housing	3,469
- Adult social care	1,206
<b>Total</b>	<b>61,341</b>

<b>Capital Investment Programme Summary</b>	<b>2010/11 £000</b>
<b>Funding</b>	
Supported Borrowing	7,375
Unsupported Borrowing	10,805
Government Capital Grants	28,008
Major Repairs Allowance	9,300
Capital Reserves & Receipts	233
Direct Revenue Funding	5,620
<b>Total</b>	<b>61,341</b>