



**Brighton & Hove
City Council**

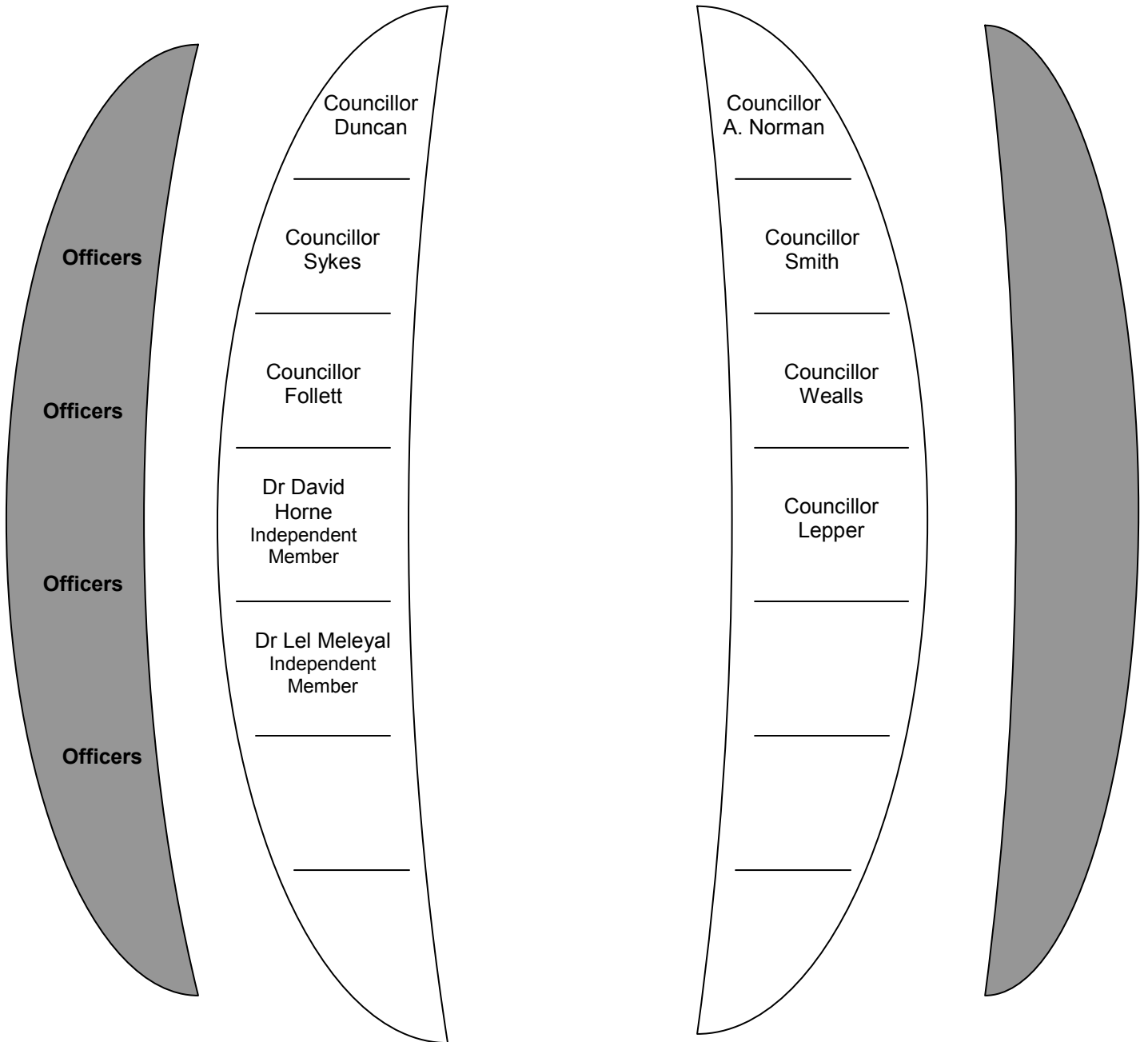
Audit & Standards Committee

Title:	Audit & Standards Committee
Date:	20 November 2012
Time:	4.00pm
Venue	Council Chamber, Hove Town Hall
Members:	<p>Councillors: Hamilton (Chair), A Norman (Opposition Spokesperson), Duncan, Follett, Lepper, Smith, Sykes and Wealls</p> <p>Co-opted Members: Dr David Horne and Dr Lel Meleyal</p>
Contact:	<p>Ross Keatley Democratic Services Officer 01273 291064 ross.keatley@brighton-hove.gov.uk</p>

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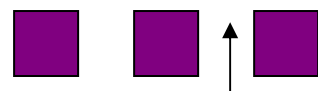
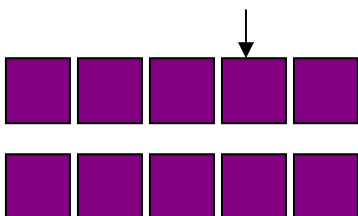
Democratic Services: Audit & Standards Committee

Head of Law	Councillor Hamilton Chair	Acting Director of Finance	Democratic Services Officer
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Presenting Officer	Presenting Officer
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Public Seating



Press

AGENDA

44. PROCEDURAL BUSINESS

(a) **Declaration of Substitutes:** Where Councillors are unable to attend a meeting, a substitute Member from the same Political Group may attend, speak and vote in their place for that meeting.

(b) **Declarations of Interest:**

- (a) Disclosable pecuniary interests not registered on the register of interests;
- (b) Any other interests required to be registered under the local code;
- (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

- (i) the item on the agenda the interest relates to;
- (ii) the nature of the interest; and
- (iii) whether it is a disclosable pecuniary interest or some other interest.

If unsure, Members should seek advice from the committee lawyer or administrator preferably before the meeting.

(c) **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 Two of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure 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.

45. MINUTES

1 - 8

To consider the minutes of the meeting held on 25th September 2012 (copy attached).

46. CHAIR'S COMMUNICATIONS

47. PUBLIC INVOLVEMENT

To consider the following matters raised by members of the public:

- (a) **Petitions:** to receive any petitions presented to the full council or at the meeting itself;
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 13 November 2012;
- (c) **Deputations:**
 - (i) To receive a deputation referred from Council on the 25th October 2012, concerning Gill's Home and Garden Regarding Exercise of Power by Elected Officials – Lead Petitioner, Mr. Adam Campbell.
 - (ii) To receive any deputations submitted by the due date of 12 noon on the 13 November 2012; or any referred from Council on the 25 October 2012.

48. MEMBER INVOLVEMENT

To consider the following matters raised by councillors:

- (a) **Petitions:** to receive any petitions submitted to the full Council or at the meeting itself;
- (b) **Written Questions:** to consider any written questions;
- (c) **Letters:** to consider any letters;
- (d) **Notices of Motion:** to consider any Notices of Motion referred from Council or submitted directly to the Committee.

STANDARDS ITEMS

49. COMPLAINTS UPDATE

9 - 12

Report of the Monitoring Officer (copy attached).

Contact Officer: *Brian Foley*

Tel: 291229

Ward Affected: *All Wards*

AUDIT & STANDARDS COMMITTEE

AUDIT ITEMS

50. HR/PAYROLL SYSTEM

Verbal Update on Progress from the Head of HR Strategy Policy & Projects.

Contact Officer: Katie Ogden *Tel:* 29-1299
Ward Affected: All Wards

51. EXTERNAL AUDIT REPORT

Verbal Update on Progress from External Auditor.

Contact Officer: Simon Mathers, Ernst &
Young
Ward Affected: All Wards

52. AUDIT COMMISSION: ANNUAL AUDIT LETTER 2011/12 13 - 16

Report of the Acting Director of Finance, together with the Annual Audit Letter (copies attached).

Contact Officer: Nigel Manvell *Tel:* 29-3104
Ward Affected: All Wards

53. INTERNAL AUDIT PROGRESS REPORT 2012/13 17 - 22

Report of the Acting Director of Finance (copy attached).

Contact Officer: Ian Withers *Tel:* 29-1323
Ward Affected: All Wards

54. TARGETED BUDGET MANAGEMENT (TBM) 2012/13 MONTH 5 23 - 82

Report of the Acting Director of Finance (copy attached).

Contact Officer: Nigel Manvell, *Tel:* 29-3104,
Jeff Coates *Tel:* 29-2364
Ward Affected: All Wards

55. STRATEGIC RISK REGISTER UPDATE 83 - 96

Report of the Acting Director of Finance (copy attached).

Contact Officer: Jackie Algar *Tel:* 29-1273
Ward Affected: All Wards

56. ITEMS REFERRED FOR COUNCIL

To consider items to be submitted to the 13 December 2012 Council meeting for information.

In accordance with Procedure Rule 24.3a, the Committee may determine that any item is to be included in its report to Council. In

AUDIT & STANDARDS COMMITTEE

addition, any Group may specify one further item to be included by notifying the Chief Executive no later than 10am on the eighth working day before the Council meeting at which the report is to be made, or if the Committee meeting take place after this deadline, immediately at the conclusion of the Committee meeting

Part Two

57. PART TWO MINUTES - EXEMPT CATEGORY 3 97 - 100

To consider the part two minutes of the meeting held on 25th September 2012 (circulated to Members only).

Contact Officer: Ross Keatley Tel: 291064

Ward Affected: All Wards

58. STRATEGIC RISK MANAGEMENT ACTION PLAN REPORT - 101 - 114 EXEMPT CATEGORY 3

Report of the Acting Director of Finance (circulated to Members only).

Contact Officer: Jackie Algar Tel: 29-1273

Ward Affected: All Wards

59. STRATEGIC RISK MAP FOCUS – SR2 FINANCIAL OUTLOOK - EXEMPT CATEGORY 3

Verbal report from the Acting Director of Finance.

Contact Officer: Jackie Algar Tel: 29-1273

Ward Affected: All Wards

60. PART TWO PROCEEDINGS

To consider whether the items listed in Part Two of the agenda and decisions thereon should remain exempt from disclosure to the press and public.

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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AUDIT & STANDARDS COMMITTEE

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If you have any queries regarding this, please contact the Head of Democratic Services or the designated Democratic Services Officer listed on the agenda.

For further details and general enquiries about this meeting contact Ross Keatley, (01273 291064), email ross.keatley@brighton-hove.gov.uk or email democratic.services@brighton-hove.gov.uk.

Date of Publication – Monday 12th November 2012

BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 25 SEPTEMBER 2012

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Hamilton (Chair) A Norman (Opposition Spokesperson), Duncan, Follett, Lepper, Smith, Sykes and Wealls

Also in attendance: Councillor Hawtree

PART ONE

25. PROCEDURAL BUSINESS

25a) Declaration of Substitutes

25.1 There were none

25b) Declarations of Interest

25.2 There were none.

25c) Exclusion of the Press and Public

25.3 In accordance with Section 100A of the Local Government Act 1972 ("the Act"), the Planning Committee considered whether the public should be excluded from the meeting during consideration of any item of business on the grounds that it is likely in view of the business to be transacted or the nature of the proceedings, that if members of the public were present during it, there would be disclosure to them of confidential information as defined in Section 100A (3) of the Act.

25.4 **RESOLVED** - That the public are excluded from the meeting from items listed on Part 2 of the agenda.

26. MINUTES

26.1 **RESOLVED** – That the Chair be authorised to sign the minutes of the meeting held on 26 June 2012 as a correct record.

27. CHAIR'S COMMUNICATIONS

- 27.1 The order of the substantive items on the agenda would be changed so that Items 34 & 35 would be taken ahead of the others.
- 27.2 In relation to the two vacant independent co-optee positions on the Committee it was highlighted that 14 applicants had applied; 7 had been shortlisted, and were due to be interviewed on 1 October 2012.

28. PUBLIC INVOLVEMENT

- 28.1 There were none.

29. MEMBER INVOLVEMENT

- 29.1 There were none.

30. ARRANGEMENTS FOR THE REGISTER OF MEMBERS INTERESTS

- 30.1 The Acting Assistant Head of Law, Elizabeth Culbert, provided an update, and explained that this was the first meeting of the Committee since the new Code of Conduct had been agreed by Full Council. New Register of Interest forms had been completed and returned by all 54 City Councillors, and the register had been updated and was available for inspection; the register for Rottingdean Parish Council Members had also been updated.
- 30.2 The Chair noted he was pleased that all Members had completed and returned the new forms.

31. COMPLAINTS PROCEDURE

- 31.1 The Committee considered a report of the Monitoring Officer in relation to the new arrangements for dealing with the investigation and hearing of complaints as part of the changes to the regulation of Standards of Conduct for elected Members brought in by the Localism Act 2011. The new arrangements provided a simplified process for dealing with complaints of misconduct and the actions which could be taken against a Member who is found to have failed to comply with the Code of Conduct. By way of introduction the Standards & Complaints Manager, Brian Foley, outlined the new procedure
- 31.2 In response to queries from Councillor Duncan it was confirmed that the right of appeal would apply to both the complainant, and the Member the allegation had been made against, and sanctions would only take effect after the period to request an appeal had expired.
- 31.3 Councillors Sykes and Lepper noted some minor typographical errors of the names of political groups, and asked that that some of the wording be amended to reflect the potential future political makeup of the authority; rather than the current political makeup.

31.4 Councillor Ann Norman noted that she and Councillor Lepper had been involved in Standards related work under the previous regime for some years, and she stated that Members should always approach the investigation of complaints of a neutral mind and in a non-political manner. The Chair echoed these comments, and highlighted the non-political regulatory nature of the Committee.

31.5 RESOLVED:

- (1) That the arrangements for the investigation and hearing of complaints about Member conduct as set out in Appendix 1 to the report and as illustrated in the flow chart in Appendix 2 to the report be adopted;
- (2) That the adopted new arrangements be reported to Council for information;
- (3) That the Monitoring Officer be instructed to develop technical procedures for the investigation and hearing of complaints to be used in conjunction with the arrangements; and
- (4) That the Monitoring Officer be instructed to publicise the arrangements for the investigation and hearing of complaints by whatever means he considers appropriate.

32. COMPLAINTS UPDATE

32.1 The Committee considered a report of the Monitoring Officer with an update on allegations about Member conduct following the last report to the Committee on 26 June 2012; a summary of closed cases was listed at Appendix 1.

32.2 **RESOLVED** – That the Committee note the report.

33. ROTTINGDEAN PARISH COUNCIL: ADOPTION OF NEW CODE OF CONDUCT

33.1 The Committee considered a report of the Monitoring Officer reporting back on the instruction of the Committee to consult with Rottingdean Parish Council over the new standards regime required by the Localism Act 2011. The report included details of the Code of Conduct adopted by the Parish Council, and the arrangements for the register of Parish Council Members' interests. By way of introduction the Lawyer, Oliver Dixon, stated that Rottingdean Parish Council had adopted the same Code of Conduct as the City Council, and this included an amendment to Standing Orders such that a Member would be required to leave a meeting during the consideration of an item of which they had declared a disclosable non-pecuniary interest. Mr Rhodes, a Rottingdean Parish Councillor, was also in attendance and expressed his gratitude on behalf of the Parish Council to the Lawyer and Monitoring Officer.

33.2 **RESOLVED** – That the Committee note the report.

34. AUDIT COMMISSION: ANNUAL GOVERNANCE REPORT 2011/12

34.1 The Committee considered a report of the Audit Commission summarising the findings of the 2011/12 audit which was now substantially complete. It included key messages arising from the audit of the financial statement and the results of work undertaken to

assess the Council's arrangements to secure value for money in its use of its resources. By way of introduction the District Auditor, Helen Thompson, highlighted the key messages including: reference to three uncorrected errors for Members' consideration; recommendations and actions for improvement, and stated that the audit had been delivered within the agreed fee.

- 34.2 Councillor Wealls asked a series of questions in relation to the assessment of value for money, and in particular how the Council attributed overheads. In response, and discussion, Officers explained this was undertaken by looking at how services were delivered within the normal budget, and by comparing historic data with other similar authorities. Consideration was also given to performance against targets as well as benchmarking with other authorities when assessing the value for money provided by a service. Officers explained that there was a standard methodology for calculating and presenting overheads when comparing the cost of services. This is determined by central government when collecting financial information, for example, in the annual 'Revenue Outturn' (RO) returns. When services were compared it was also important this was done on a like for like basis within and across sectors. To establish the full costs it was necessary to include all relevant corporate overheads; overall these were relatively small for the Council, approximately 5% of gross expenditure, but the Council still needed to be satisfied that these were correct and reasonable.
- 34.3 Councillor Sykes pointed to comments in the report in relation to payroll, and asked questions about the backlog of documentation referred in the report. In response it was explained that the process had been easier this year than in the previous, but there were still issues with the complexity of the payroll system. Priority had been given to addressing the problem, and improvements had already been made.
- 34.4 Councillor Sykes went on to ask what more radical solutions the Council could consider to achieve value for money. In response it was explained that many other local authorities were in a very similar position, facing a continued reduction in funding, and had looked at similar value for money initiatives to those undertaken by the Council. 'Systems Thinking' initiative had been praised as a good way to help deliver better value for money in more processed based services. Councillor Norman asked further queries in relation to the initiative, and it was explained that the Council was currently developing this; two temporary posts had been appointed to as part of this work, and there was currently a pilot in HR that was nearing completion.
- 34.5 Councillor Wealls pointed to differences between the actual and estimate of employer contributions to the pension scheme, and asked for an explanation about this. It was explained that the difference was not material, and the Council was required to provide an estimate to the Actuary each year; the estimate was produced using end of month data, and it was normal for there to be a degree of difference. Councillor Wealls asked if there was adequate provision to properly estimate the impact of auto-enrolment into the pension scheme, and it was explained that the Council was managing this and were planning on the basis of a greater employer's contribution rate.
- 34.6 In response to a query from the Chair, Councillor Hamilton, further details were provided in relation to the three errors which the Council had declined to amend. The first related to the payroll findings which was an estimated error only and therefore it was not considered appropriate to adjust the accounts; the second related to the timing for the

depreciation of an asset, which had been done earlier than normal but which had no other implications, and the final error was a presentational error only where a creditor and debtor entry were netted off but which did not effect the bottom line of the Council's net assets. Following further queries it was confirmed that the depreciation in question related to construction of BACA and that the calculation of depreciation would be correct over the useful life of the asset regardless of the error; it was also explained that the Council was not funded to provide for depreciation; only the actual borrowing and financing costs on its assets, and therefore depreciation had no real cash flow implication for the council. Officers also highlighted that the three errors were not material, and the key aspect of the report was that they would not affect the external auditor's unqualified opinion on the accounts.

34.7 **RESOLVED –**

- (1) That note is taken of the adjustments to the financial statements which are set out in Appendix 3 of the report.
- (2) That it be agreed to adjust the errors in the financial statements which management has declined to amend set out in Appendix 2 of the report or set out the reasons for not amending the errors.
- (3) That the letter of representation on behalf of the Council before the audit opinion and value for money conclusion is given be approved. A draft of the letter of representation is included at Appendix 4 of the report. This contains management's reasons for not adjusting errors in the financial statements set out at Appendix 2 of the report.
- (4) That the Committee response to the proposed action plan included at Appendix 6 of the report be agreed.

35. **STATEMENT OF ACCOUNTS 2011/12**

35.1 The Committee considered a report of the Director of Finance with information about the audit of the 2011/12 Accounts with a recommendation to approve the Statement of Accounts and the Letter of Representation on behalf of the Council.

35.2 Councillor Sykes asked if the Council might, in future, include environmental assets in an audit, and in response Officers commented that - although this was not currently the case - in future assets could potentially be divided into heritage and environmental.

35.3 Councillor Sykes also asked a further question in relation to exit packages in previous financial years. In response Officers explained that they reflected changes that had taken place organisationally, and - although they fluctuated year on year – in the case of senior exits – they were assessed for value for money on a case-by-case basis.

35.4 **RESOLVED**

- (1) That the findings of the Audit Commission in their Annual Governance Report (AGR) be noted. The AGR is a separate item on this agenda.

- (2) That the adjusted misstatements to the 2011/12 Statement of Accounts (paragraph 7.3 and Appendix 4) are noted.
- (3) That the Committee consideration is given to the advice in relation to unadjusted misstatements, and agree that they should not be adjusted for (paragraph 7.4 and Appendix 5).
- (4) That the results of the public inspection of the accounts (Section 9) are noted.
- (5) That the letter of representation on behalf of the council (Appendix 1) be approved.
- (6) That the management responses to the action plan in the AGR be approved.
- (7) That the audited Statement of Accounts for 2011/12 be approved.

36. TARGETED BUDGET MANAGEMENT 2012/13 MONTH 2

- 36.1 The Committee considered a report of the Director of Finance on the Targeted Budget Monitoring (TBM), a key component of the Council's overall performance monitoring and control framework. The forecast outturn position was set out as of Month 2 on the Council's revenue and capital budgets for the financial year 2012/13.
- 36.2 **RESOLVED** – That the Committee notes the report.

37. INTERNAL AUDIT PROGRESS REPORT

- 37.1 The Committee considered a report of the Director of Finance on the progress made against the Internal Audit Plan for 2012/13, including the outcomes of specific audit reviews completed, agreed management actions, and Internal Audit Key Performance Indicators.
- 37.2 Members raised queries on the content of completed audits, and the Chair asked for these to be followed directly with Officers outside of the meeting.
- 37.3 **RESOLVED** – That the Committee notes the report.

38. FIGHTING FRAUD LOCALLY

- 38.1 The Committee considered a report of the Director of Finance in relation to Fighting Fraud Locally, a national report recently issued by the National Fraud Authority; the report sought to inform Members of a review carried out to measure the Council against the best practise checklist issued with the national report for an effective counter fraud culture.
- 38.2 In response to query from Councillor Wealls in relation to CRB checks, and other pre-employment screening it was agreed that a note would be circulated to the Committee separately to confirm the situation and the process.
- 38.3 **RESOLVED** – That the Committee notes the report.

39. ITEMS REFERRED FOR COUNCIL

39.1 Item 31 *Complaints Update* was forwarded to the Council meeting on 25 October 2012 for noting, as per the recommendation in the report.

40. PART TWO MINUTES

40.1 **RESOLVED** – That the Chair be authorised to sign the Part 2 minutes of the meeting held on 26 June 2012 as a correct record.

41. COMPLAINTS UPDATE (SEPTEMBER 2012) (EXEMPT CATEGORY 1)

41.1 **RESOLVED** – That the report be noted.

42. STRATEGIC RISK MANAGEMENT ACTION PLAN FOCUS – SR4, 5 AND 8

42.1 **RESOLVED** – That the recommendation in the Part 2 report be agreed.

43. PART TWO PROCEEDINGS

43.1 **RESOLVED** – That the Part 2 Items remain exempt from disclosure from the press and public.

The meeting concluded at 18.05

Signed

Chair

Dated this

day of

AUDIT & STANDARDS COMMITTEE

Agenda Item 49

Brighton & Hove City Council

Subject: Complaints Update
Date of Meeting: 20 November 2011
Report of: Monitoring Officer
Contact Officer: Name: **Brian Foley** Tel: **293109**
E-mail: brian.foley@brighton-hove.gov.uk
Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The Localism Act 2011 has required the Council to adopt new arrangements for dealing with complaints about a breach of the Code of Conduct by Council and Parish Council Members. Those arrangements replace the previous process administered under the Standards Committee (England) Regulations 2008.
- 1.2 This paper updates the Audit and Standards Committee on allegations about member conduct following the last report to Audit and Standards Committee on 25 September 2012. Cases which have been closed are summarised in Appendix 1.

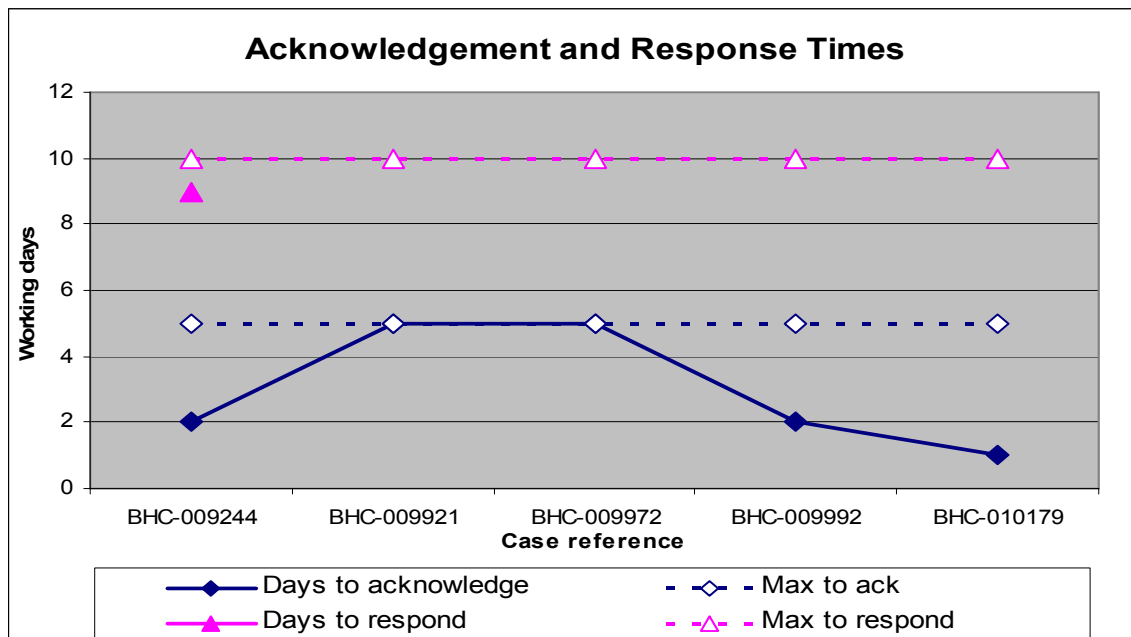
2. RECOMMENDATION:

- 2.1 That the Committee note the report.

3. RELEVANT BACKGROUND INFORMATION

- 3.1 The timescales for dealing with complaints as set out in the new arrangements are as follow:
 - Complaints about Member conduct should be acknowledged as soon as possible and within a maximum of 5 working days.
 - The complainant should be informed within 10 working days how the matter will be dealt with.
 - The whole complaint process should be completed within 65 working days from the date of receipt to date of hearing.
- 3.2 The Transitional Arrangements set out under the Localism Act required that any complaint dealt with under the Standards Committee (England) Regulations 2008 which had not been concluded by 01 July 2012 should be dealt with under the new Localism Act arrangements.

- 3.3 There is one complaint which falls into this category; the outcome is described in the Appendix.
- 3.4 There have been 4 new complaints received which have not previously been included in reports to the Audit and Standards Committee. All cases have been referred to the Monitoring Officer to decide in consultation with an Independent Person if the complaint merits investigation. Those decisions are pending.
- 3.5 The following chart shows that all complaints have been acknowledged within 5 days.



4. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 4.1 There are no direct financial implications relating to this report.

Finance Officer Consulted: Anne Silley Date: 19 October 2012

Legal Implications:

- 4.2 The report is for noting only. The statutory framework under which complaints about Member conduct are dealt with are covered in the body of the report. The transitional arrangements referred to in paragraph 3.2 above are set out in the Localism Act 2011 (Commencement No. 6 and Transitional, Savings and Transitory Provisions) Order 2012: SI 2012/1463

Lawyer Consulted: Oliver Dixon Date: 19 October 2012

Equalities Implications:

- 4.3 There are no Equalities implications

Sustainability Implications:

- 4.4 There are no Sustainability implications

Crime & Disorder Implications:

- 4.5 There are no Crime and Disorder implications

Risk and Opportunity Management Implications:

- 4.6 There are no Risk and Opportunity Management implications

Corporate / Citywide Implications:

- 4.7 There are no Corporate or Citywide implications

SUPPORTING DOCUMENTATION

Appendices:

1. Summary of the decisions for complaints that have been concluded.

Documents In Members' Rooms

1. None

Background Documents

1. None

Appendix 1 - Summary of the decisions for complaints that have been concluded.

S&C Reference Number	BHC-008869
Date Received	08/06/2012
Days to Acknowledge	08/06/2012 (1 day)
Days for Monitoring Officer to reply	(12 days to Assessment Panel)
Date of Hearing Panel	08 November 2012
Days to Hearing Panel	109
Comments: This case has been dealt with under the transitional arrangements. The Standards Panel could not hear the case until the procedures were agreed and an Independent Person appointed	
Complainant	Committee Members of Saltdean Community Association
Summary of Complaint	
Upon leaving a meeting of the Saltdean Community Association a councillor was alleged to have been overheard to say "they" (referring to the executive members of the Community Association) "are only in it for themselves". The Committee members said this statement denigrates and calls into question the integrity and community service of the committee members	
Section of Code of Conduct that applies	
Paragraph 3(1) You must treat others with respect	
Summary of Progress	
The Hearing Panel has ben set for 08 November 2012. There will be a verbal update to Audit and Standards Committee describing the outcome of the case.	

Subject: Annual Audit Letter 2011/12
Date of Meeting: 20th November 2012
Report of: Acting Director of Finance
Contact Officer: Name: **Nigel Manvell, Acting** Tel: **29-1233**
Director of Finance
E-mail: Nigel.manvell@brighton-hove.gov.uk
Wards Affected: All

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

- 1.1 The Annual Audit Letter summarises the 2011/12 audit of Brighton & Hove City Council which includes the opinion on the financial statements and value for money conclusion.
- 1.2 There is a requirement for the Annual Audit Letter to be made available to all Members.

2. RECOMMENDATIONS

- 2.1 That the Committee considers and notes the contents of the Annual Audit Letter for 2011/12.

3. BACKGROUND INFORMATION

- 3.1 The summary detailed within the Annual Audit Letter has already been considered by the Council's Audit & Standards Committee on 25th September as part of the Audit Commission's Annual Governance Report.

4. FINANCIAL & OTHER IMPLICATIONS:**Financial Implications:**

- 4.1 The Annual Audit letter is a key element of financial governance. There are no financial implications arising from this report.

Finance Officer consulted: Anne Silley 8th November 2012

Legal Implications:

- 4.2 There are no legal implications arising directly from this report.

Legal Officer consulted: Oliver Dixon 8th November 2012

Equalities Implications:

- 4.3 There are no direct equalities implications arising directly from this report

Sustainability Implications:

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

Crime & Disorder Implications:

- 4.5 There no direct implications for the prevention of crime and disorder arising from this report.

Risk and Opportunity Management Implications:

- 4.6 There no direct implications for the risk and opportunity management arising from this report.

Corporate / Citywide Implications:

- 4.6 Robust corporate governance arrangements are essential to the sound management of the City Council and the achievement of its objectives as set out in the Corporate Plan.

Our reference HT/BHCC/1112AAL

3 October 2012

Council member
Brighton & Hove City Council
King's House
Grand Avenue
Hove
BN3 2LS

Direct line 0844 798 1790
Email helen-
thompson@audit-
commission.gov.uk

Dear Member

Brighton & Hove City Council Annual Audit Letter 2011/12

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of Brighton & Hove City Council.

Financial statements and value for money conclusion

On 25 September 2012 I presented my annual governance report to the Audit & Standards Committee outlining the findings of my audit of the Council's 2011/12 financial statements and the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. I will not replicate those findings in this letter.

Following the Standards & Audit Committee on 26 September I:

- issued an unqualified opinion on the Council's 2011/12 financial statements included in the Council's Statement of Accounts;
- concluded that there are no matters arising from my value for money work that I need to report; and
- certified completion of the audit.

Closing remarks

I have discussed and agreed this letter with the Acting Chief Executive and Acting Director of Finance. I would like to thank finance staff for the positive and constructive approach they have taken to my audit. I also wish to thank senior management and the Audit & Standards Committee for their support and co-operation during the audit.

Yours sincerely

Helen Thompson
District Auditor

Subject: Internal Audit Progress Report 2012/13
Date of Meeting: 20th November 2012
Report of: Acting Director of Finance
Contact Officer: Name: Ian Withers, Head of Audit & Tel: 29-1323
Business Risk
E-mail: ian.withers@brighton-hove.gov.uk
Wards Affected: All

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

- 1.1 The purpose of this report is to inform Members of the progress made against the Internal Audit Plan 2012/13, including outcomes of specific audit reviews completed, agreed management actions and Internal Audit Key Performance Indicators.
- 1.2 The Audit & Standards Committee has a role in monitoring the activity and outcomes of internal audit work against the plan and receiving regular progress reports. Also to monitor the implementation of agreed actions to internal audit recommendations for improvement to controls and operations.
- 1.3 Good progress continues to be made in the delivery of the Internal Audit Plan 2012/13, due by the end of March 2013.

2. RECOMMENDATIONS

- 2.1 That the Committee notes the progress made in delivering the Annual Internal Audit Plan 2012/13, outcomes achieved and current arrangements going forward to 31st March 2013.

3. BACKGROUND INFORMATION

- 3.1 The Accounts and Audit Regulations 2011 require every local authority to maintain an adequate and effective system of internal audit. Audit & Business Risk carries out the internal audit work to satisfy this legislative requirement and part of this is reporting the outcome of its work to the Audit & Standards Committee.
- 3.2 The Audit & Standards Committee has a responsibility for reviewing the Council's corporate governance arrangements, including internal control and formally approving the Annual Governance Statement. The internal audit work carried out by Audit & Business Risk is a key source of assurance that the internal control environment is operating effectively.

- 3.3 The Internal Audit Plan 2012/13 detailing the programme of audit reviews was approved by the previous Audit Committee at its meeting in April 2012.
- 3.4 The programme of audit reviews contained in the Internal Audit Plan 2012/13 is based on an assessment of risk for each system or operational area. The assessment of risk includes elements such as the level of corporate importance, materiality, service delivery/importance and sensitivity.
- 3.4 The outcome of all audit work is discussed and agreed with the lead service managers. The final reports that include agreed actions to audit recommendations made, are issued to the responsible Head of Service, Lead Commissioner or Strategic Director.

4. PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2012/13

- 4.1 Table 1 below provides a summary of the progress made with delivering the Internal Audit Plan 2012/13. During the period 1st April to 5th November 2012, the Internal Audit Team has commenced or completed 59 audit reviews

Table 1: Internal Audit Plan 2012/13 Progress (Audit Reviews)

Audit Status	Explanation	No.
Not Started	Planned but not started	42
Fieldwork	In progress (Interviews, documenting, evaluating and testing of risks and controls)	33
Draft Report	Draft audit report issued and being agreed with client	14
Final Report	Audits completed and final report issued	22
		111

- 4.2 We are confident in completing the Annual Internal Audit Plan for 2012/13 through re-profiling and if required outsourcing a number of audit reviews to Deloitte under existing contract arrangements.

5. CHANGES TO THE ANNUAL INTERNAL AUDIT PLAN

- 5.1 Since the Internal Audit Plan 2012/13 was approved, there have been no significant changes made.

6. AUDIT REVIEWS COMPLETED

- 6.1 Audit reports are issued as final where their contents have been agreed with client management, in particular management actions with responsibility and timescale. The audit is then effectively closed except for the scheduled implementation review to of agreed actions.
- 6.2 Since the last progress report at the end of September, a further nine audit reviews have been completed and final reports issued. These are shown in table 2 below which includes the overall level of assurance, number and classification of agreed management actions to audit recommendations made.

Table 2: Summary of Completed Audit Reviews (Final Reports)

Audit	Assurance Level	Agreed Actions and Priority		
		High	Medium	Low
Leaving Care	Reasonable	0	8	2
Building Control	Reasonable	0	3	4
Staff Expenses	Reasonable	0	11	1
Council Tax Support - Financial Modelling	Substantial	0	1	0
Council Tax support - Project Assurance	Substantial	0	0	1
Licensing (Income Control)	Substantial	0	2	0
Council Tax & Business Rates Write Offs	Substantial	0	1	1
Pupil Premium Funding	Substantial	0	0	1
Pension Administration	Reasonable	0	7	0

- 6.3 Management actions have been agreed to the recommendations made and we will continue working with management to introduce agreed control and general service improvements, in particular where audit reviews give limited assurance.
- 6.4 The statement on the level of assurance on the effectiveness of internal controls and mitigation of risks for each audit is a professional practice requirement. Members should note that the assurance levels assigned and agreed are subjective and based on materiality and significance. They often therefore have no direct relationship with the number of agreed actions to audit recommendations made.
- 6.5 There are currently five levels of audit assurance used by the Internal Audit Team and these are summarised as follows:

FULL	There is a sound system of internal control designed to achieve system and service objectives. All major risks have been identified and managed effectively.
SUBSTANTIAL	Whilst there is basically a sound system of internal control, there are weaknesses that put system objectives at risk.
REASONABLE	Controls are in place but there are gaps in the process. There is therefore a need to introduce additional controls.
LIMITED	Weaknesses in the system of control and /or level of compliance are such to put the system objectives at risk.
NO	Control is significantly weak or non existent leaving the system open to high level of risk from abuse, fraud and error.

7. ADVICE AND SUPPORT CORPORATE AND SERVICE UNITS

- 7.1 Demand from managers continues to be high for us to provide professional proactive advice and support. This element of our work is seen as

invaluable both corporately and service level, particularly in areas of change management. By taking this proactive approach, often problems and risks to the council can be avoided.

- 7.2 Recent areas of advice provided includes health & safety, sustainability, schools governance, procurement, human resource management, public health, major projects and welfare reform.

8. COUNTER FRAUD WORK

- 8.1 Since April 2012, 83 new cases of suspected irregularities have been identified or referred to Audit & Business Risk. Of these new cases, 58 related to potential housing fraud, principally illegal subletting.
- 8.2 Audit & Business Risk have continued to investigate data matches from the latest National Fraud Initiative (NFI) which has so far identified overpayments/savings from fraud and error of £503k. As part of NFI, arrangements are made to ensure compliance with the Data Protection Act in the sharing of data and ensuring data subjects are notified.

9. IMPLEMENTATION OF AGREED AUDIT ACTIONS

- 9.1 When unacceptable risks are identified in audit reviews, recommendations are made and agreed actions to mitigate these through improvement of system controls.
- 9.2 Implementation reviews for agreed actions to audit recommendation made, are usually carried out within six months of the issue of the final report.
- 9.3 Since April 10 implementation reviews have been carried out on agreed management actions (38) from previous completed audit reviews. The number of implementation reviews is lower than expected, due to other work commitments. Priority will be given in quarter 3 to ensuring all planned implementation reviews are carried out.
- 9.4 The level of implementation of agreed management actions is 74% fully, 22% partial/in progress and 4% not implemented yet. Of these 96% of high priority actions have been implemented, the remaining 4% partial/in progress.

10. PERFORMANCE OF INTERNAL AUDIT

- 10.1 To achieve planned coverage and deliver a high quality service we have well established performance indicators, agreed annually as part of the Annual Internal Audit Plan. These are also part of our business planning process and monitored regularly. Table 3 provides an overview of the performance of the Internal Audit Team against the key targets set.

Table 3: Performance against targets

Performance Indicators	Target for Year	Actual to Date
Effectiveness		
% of recommendations agreed	97%	95%
% implementation of agreed management actions	85%	74%
Efficiency		
% of productive time	71%	69%
% of draft reports issued within 10 days of fieldwork completion	90%	91%
% response by client to draft reports within 15 days	90%	87%
% of issue of final reports within 10 days of agreement	95%	94%
Quality of Service		
% of customer satisfaction feedback in very good or good	90%	96%

11. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 11.1 It is expected that the Internal Audit Plan for 2012/13 will be delivered within existing budgetary resources. In considering resources allocated to internal audit work this needs to be balanced against the need for financial probity, financial risks and achieving value for money.

Finance Officer consulted: Anne Silley

7th November 2012

Legal Implications:

- 11.2 Regulation 6 of The Accounts & Audit Regulations 2011 requires the Council to undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. It is a legitimate part of the Audit & Standards Committee's role to review the level of work completed and planned by internal audit.

Legal Officer consulted: Oliver Dixon

7th November 2012

Equalities Implications:

- 11.3 There are no direct equalities implications arising directly from this report

Sustainability Implications:

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

Crime & Disorder Implications:

- 11.5 There no direct implications for the prevention of crime and disorder arising from this report.

Risk and Opportunity Management Implications:

- 11.6 The Internal Audit Plan and its outcome is a key part of the Council's risk management process. The internal audit planning methodology is based on risk assessments that include the use of the council's risk registers.

Corporate / Citywide Implications:

- 11.7 Robust corporate governance arrangements are essential to the sound management of the City Council and the achievement of its objectives as set out in the Corporate Plan.

SUPPORTING DOCUMENTATION

Background Documents

1. Internal Audit Plan 2012/13
2. Code of Practice for Internal Audit in Local Government, CIPFA (2006)
3. Accounts & Audit Regulations 2011

Subject:	Targeted Budget Management (TBM) 2012/13 Month 5		
Date of Meeting:	20 November 2012		
Report of:	Acting Director of Finance		
Contact Officer:	Name:	Nigel Manvell	Tel: 29-3104
	Email:	nigel.manvell@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out the forecast outturn position as at Month 5 on the council's revenue and capital budgets for the financial year 2012/13.

2. RECOMMENDATIONS:

- 2.1 That the Committee note the report to the Policy & Resources Committee on 11 October 2012 (Appendix 1) and the subsequent recommendations and resolution.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 Detailed in the Report to the Policy & Resources Committee on 11 October 2012 (Appendix 1).

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 Detailed in the Report to the Policy & Resources Committee on 11 October 2012 (Appendix 1).

5. FINANCIAL & OTHER IMPLICATIONS:Financial Implications:

- 5.1 Detailed in the Report to the Policy & Resources Committee on 11 October 2012 (Appendix 1).

Legal Implications:

- 5.2 Detailed in the Report to the Policy & Resources Committee on 11 October 2012 (Appendix 1).

Equalities Implications:

- 5.3 Detailed in the Report to the Policy & Resources Committee on 11 October 2012 (Appendix 1).

Sustainability Implications:

- 5.4 Detailed in the Report to the Policy & Resources Committee on 11 October 2012 (Appendix 1).

Crime & Disorder Implications:

- 5.5 Detailed in the Report to the Policy & Resources Committee on 11 October 2012 (Appendix 1).

Risk and Opportunity Management Implications:

- 5.6 Detailed in the Report to the Policy & Resources Committee on 11 October 2012 (Appendix 1).

Public Health Implications:

- 5.7 Detailed in the Report to the Policy & Resources Committee on 11 October 2012 (Appendix 1).

Corporate / Citywide Implications:

- 5.8 Detailed in the Report to the Policy & Resources Committee on 11 October 2012 (Appendix 1).

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 Detailed in the Report to the Policy & Resources Committee on 11 October 2012 (Appendix 1).

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 Detailed in the Report to the Policy & Resources Committee on 11 October 2012 (Appendix 1).

SUPPORTING DOCUMENTATION

Targeted Budget Management (TBM) 2012/13 Month 5 Report & Appendices:

- i. Revenue Budget Performance
- ii. Capital Budget Performance
- iii. Capital Budget Changes (New Schemes)
- iv. Value for Money Programme Performance
- v. Carbon Budgets Update.

Subject:	Targeted Budget Management (TBM) 2012/13 Month 5		
Date of Meeting:	11th October 2012		
Report of:	Acting Director of Finance		
Contact Officer:	Name:	Jeff Coates	Tel: 29-2364
	Email:	Jeff.coates@brighton-hove.gov.uk	
Key Decision:	No		
Ward(s) affected:	All		

FOR GENERAL RELEASE

1 SUMMARY AND POLICY CONTEXT:

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out the forecast outturn position as at Month 5 on the council's revenue and capital budgets for the financial year 2012/13.

2 RECOMMENDATIONS:

- 2.1 That the Committee note the forecast outturn position for the General Fund, which is an underspend of £1.453m.
- 2.2 That the Committee note the forecast outturn for the Housing Revenue Account (HRA), which is an underspend of £0.720m.
- 2.3 That the Committee note the forecast outturn position on the capital programme.
- 2.4 That the Committee approve the following changes to the capital programme:
- i) The budget re-profiling and budget variations as set out in Appendix 2;
 - ii) The carry forward of slippage into the 2013/14 capital programme, to meet on-going commitments on these schemes as set out in Appendix 2.
 - iii) The new schemes as set out in Appendix 3.
 - iv) That the Committee grants delegated authority to the Acting Director of Finance to approve, following consultation with the Chair of the Policy & Resources Committee, the purchase and installation of new cremators and additional mercury abatement plant up to a value of £1.806m procured directly through an OJEU compliant route.
- 2.5 That the Committee note the carbon budgets update as set out in Appendix 5.

3 RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

Targeted Budget Management (TBM) Reporting Framework

- 3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy & Resources Committee. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending together with more regular monitoring of high risk 'corporate critical' areas as detailed below.
- 3.2 The TBM report is normally split into 8 sections as follows:
- i) General Fund Revenue Budget Performance
 - ii) Housing Revenue Account (HRA) Performance
 - iii) Dedicated Schools Grant (DSG) Performance
 - iv) NHS Controlled S75 Partnership Performance
 - v) Capital Investment Programme Performance
 - vi) Capital Programme Changes
 - vii) Implications for the Medium Term Financial Strategy (MTFS)
 - viii) Comments of the Director of Finance

General Fund Revenue Budget Performance (Appendix 1)

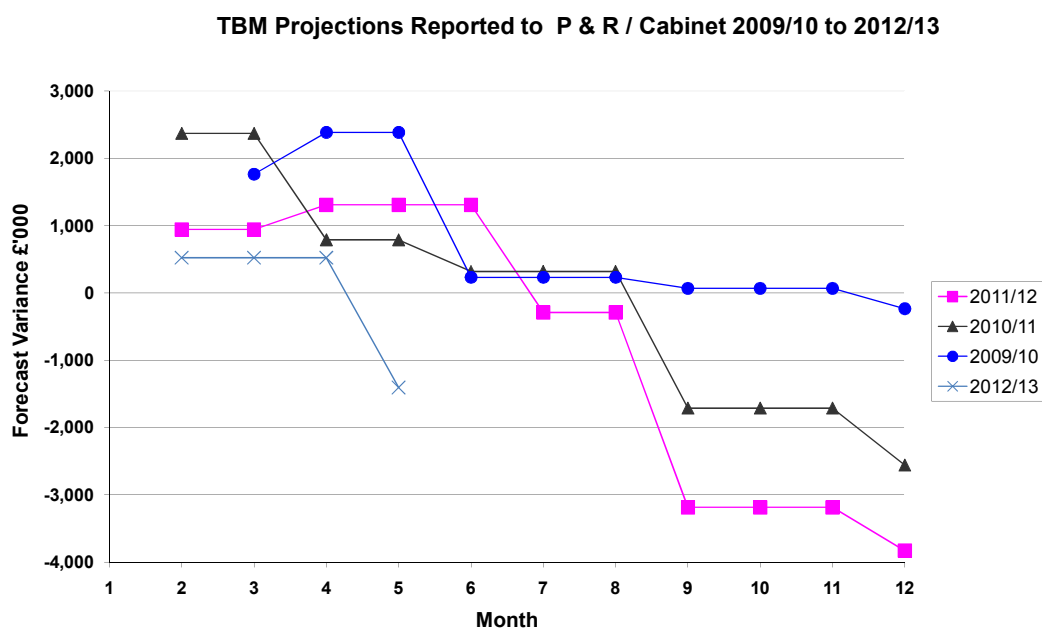
- 3.3 The table below shows the provisional outturn for Council controlled revenue budgets within the General Fund. More detailed explanation of the variances can be found in Appendix 1.

Forecast Variance Month 2 £'000	Strategic Area	2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
(973)	People	128,035	124,526	(3,509)	-2.7%
635	Place	47,038	48,000	962	2.0%
546	Communities	12,099	12,912	813	6.7%
200	Resources & Finance	38,831	39,074	243	0.6%
408	Sub Total	226,003	224,512	(1,491)	-0.7%
114	Corporate Budgets	(8,359)	(8,321)	38	0.5%
522	Total Council Controlled Budgets	217,644	216,191	(1,453)	-0.7%

- 3.4 The General Fund includes Commissioning Units and Service Delivery Units, which are organised under the strategic areas of People, Place and Communities. These, together with Resource & Finance Units and Corporate Budgets make up the General Fund services reported above.

Comparison with Previous Years

- 3.5 The chart below shows a comparison of the forecasts reported to Cabinet / Policy & Resources for the council controlled budgets for this and the previous three financial years.



Corporate Critical Budgets

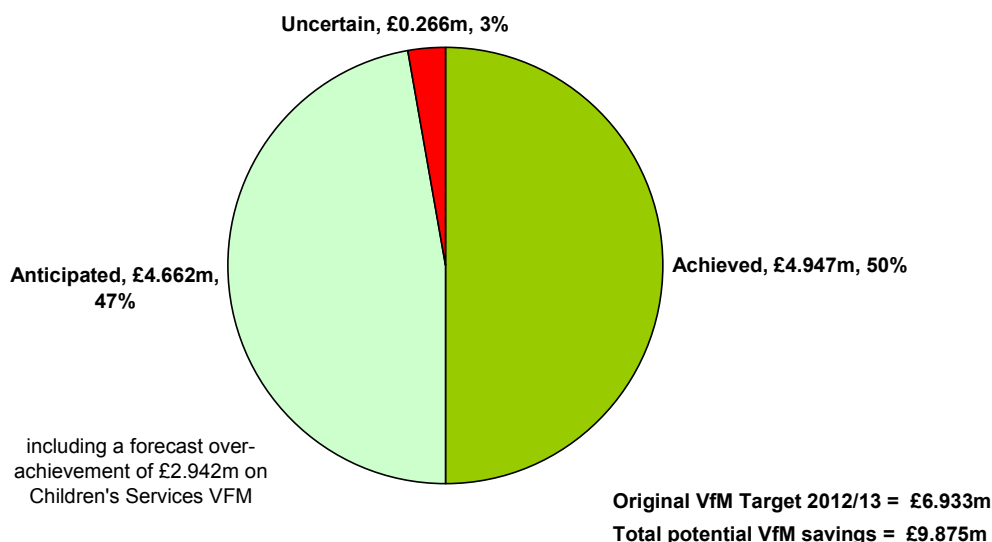
- 3.6 There are a number of budgets that carry potentially higher financial risks and therefore could have a material impact on the council's overall financial position. These are significant budgets where demand or activity is difficult to predict and where relatively small changes in demand can have significant implications for the council's budget strategy. These therefore undergo more frequent and detailed analysis.

Forecast Variance Month 2 £'000	Corporate Critical	2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
(700)	Child Agency & In House	22,133	19,643	(2,490)	-11.3%
(774)	Community Care	43,948	42,904	(1,044)	-2.4%
319	Sustainable Transport	(15,073)	(14,766)	307	2.0%
359	Temporary Accommodation	979	1,415	436	44.5%
-	Housing Benefits	(752)	(752)	-	0.0%
(796)	Total Council Controlled	51,235	48,444	(2,791)	-5.4%

Value for Money (VfM) Programme

- 3.7 TBM reports also provide updates on the council's Value for Money programme. The VfM programme contains a number of large, complex projects which include additional temporary resources (e.g. Project Managers) to ensure they are properly planned and implemented. Projects can have significant financial and non-financial targets attached to them and their successful implementation is therefore important to the overall financial health of the authority.
- 3.8 Some VfM projects carry significant risks and may need specialist advice or skills that can be in short supply or they may need to navigate complex procurement or legal processes. Therefore, each month the TBM report quantifies progress in terms of those savings that have been achieved, those that are anticipated to be achieved (i.e. low risk) and those that remain uncertain (i.e. higher risk). Those that are uncertain are given greatest attention and details of mitigating actions are given wherever possible.
- 3.9 The level of 'uncertain' savings stands at £0.266m (3.8%) as shown in the chart below. Further information about the risks and actions relating to uncertain savings is given in Appendix 4.

Value for Money Programme (All Phases) - 2012/13 Monitoring



Housing Revenue Account Performance (Appendix 1)

- 3.10 The Housing Revenue Account is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents. The forecast outturn on the HRA is summarised in the table below. More detail is provided in Appendix 1.

Forecast Variance Month 2 £'000		2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Variance Month 5 %
	HRA				
(204)	Expenditure	52,575	51,914	(661)	-1.3%
-	Income	(52,975)	(53,034)	(59)	-0.1%
(204)	Total	(400)	(1,120)	(720)	

NHS Controlled S75 Partnership Performance (Appendix 1)

- 3.11 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and Sussex Community NHS Trust (SCT) and include health and social care services for Adult Mental Health, Older People Mental Health, Substance Misuse, AIDS/HIV, Intermediate Care and Community Equipment.
- 3.12 These partnerships are subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements can result in financial implications for the council should a partnership be underspent or overspent at year-end and hence the performance of the partnerships is reported under TBM throughout the year.

Forecast Variance Month 2 £'000		2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
	Section 75				
(156)	NHS Trust managed S75 Services	13,921	13,847	(74)	-0.5%

Capital Programme Performance (Appendix 2)

- 3.13 Capital programme performance needs to be looked at from 4 different viewpoints as follows:
- i) **Forecast Variances:** The 'forecast' for a scheme or project indicates whether it is expected to be break-even, underspent or overspent. Information on how forecast overspends will be mitigated is given in Appendix 2. If the project is completed, any underspend or overspend will be an outturn variance. Generally, only explanations of significant forecast variances of £0.050m or greater are given.
 - ii) **Variations:** These are changes to the project budget within year, requiring members' approval, and do not change future year projections. The main reason for budget variations is where capital grant or external income changes in year.
 - iii) **Slippage:** This indicates whether or not a scheme or project is on schedule. Slippage of expenditure from one year into another will generally indicate overall delays to a project although some projects can 'catch up' at a later date. Some slippage is normal due to a wide variety of factors affecting capital projects however substantial amounts of slippage

across a number of projects could result in the council losing capital resources (e.g. capital grants) or being unable to manage the cashflow or timing impact of later payments or related borrowing. Wherever possible, the council aims to keep slippage below 5% of the total capital programme.

- iv) **Reprofiling:** Reprofiling of expenditure from one year into another is requested by project managers when they become aware of changes or delays to implementation timetables due to reasons outside of the council's control. Reprofiling requests are checked in advance by Finance to ensure there is no impact on the council's capital resources before they are recommended.

- 3.14 The table below provides a summary of capital programme performance by strategic theme and shows that overall the programme is forecast to be on target at this relatively early stage. Within Appendix 2 for each budget area there is a breakdown of the capital programme by Unit.

Forecast Variance Month 2 £'000	Capital Budgets	2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Outturn Month 5 %
0	People	30,052	30,052	0	0.0%
0	Place	61,329	61,318	(11)	0.0%
0	Communities	3,939	3,904	(35)	-0.9%
0	Resources & Finance	12,308	12,308	0	0.0%
0	Total Capital	107,628	107,582	(46)	0.0%

- 3.15 Appendix 2 also details any slippage into next year. Project managers have not forecast that any schemes will slip at present.

Capital Programme Changes

- 3.16 Appendix 2 and Appendix 3 provide details of changes to capital budgets which are included in the budget figures above. Appendix 2 details variations, re-profiled schemes and slippage whilst Appendix 3 provides details of new schemes included in the 2012/13 capital programme. Policy & Resources Committee's approval for these changes is required under the council's Financial Regulations.

Capital Budget Movement	2012/13
Summary	Budget £'000
Approved Capital Budget at Month 2	107,670
Reported through other Committees	1,332
Variations to Budget (to be approved – Appendix 2)	(2,403)
Slippage (to be noted – Appendix 2)	0
New Schemes (to be approved – Appendix 3)	1,029
Total Capital Budget	107,628

Implications for the Medium Term Financial Strategy (MTFS)

- 3.17 The council's MTFS sets out resource assumptions and projections over a 3-year period. It is periodically updated including a major annual update which is included in the annual revenue budget report to Policy & Resources Committee and Full Council. This section highlights any potential implications for the current MTFS arising from in-year TBM monitoring above and details any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies. Details of Capital Receipts and Collection Fund performance are also given below because of their potential impact on future resources.
- 3.18 Details of risk provisions currently held are given in the Corporate Budgets section of Appendix 1. The current forecast trend indicates that risk provisions are unlikely to be required in full during 2012/13. The use of one-off risk provisions of £0.500m is assumed in the forecast, with the remaining balance contributing to the reported underspend. The full recurrent risk provision of £1.000m will be set aside in the Medium Term Financial Strategy to support the 2013/14 budget strategy and savings proposals.

Capital Receipts Performance

- 3.19 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Asset Management Fund, ICT Fund and the Workstyles VFM projects. For 2012/13 £0.328m capital receipts have been received to date in connection with the disposal of 1a Major Close and some minor leases. Projected receipts for the year include the Charter Hotel, Kings Road and the Ice Rink at Queen's Square.
- 3.20 The Government receive 75% of the proceeds of 'right to buy sales'; the remaining 25% is retained by the Council and used to fund the capital programme. The estimated net usable receipts for 'right to buy' sales in 2012/13 is £0.400m and to date £0.091m has been received.
- 3.21 The first two tranches of receipts totalling £3.131m from the housing Local Delivery Vehicle (LDV) have been received in 2012/13. A total balance of £12.904m is expected for the year. The net receipts are ring-fenced to support investment in council owned homes.

Collection Fund Performance

- 3.22 The collection fund is a separate account for transactions in relation to national non domestic rates, council tax and precept demands. Any deficit or surplus forecast on the collection fund in relation to council tax is distributed between the council, Sussex Police and East Sussex Fire Authority in proportion to the value of the respective precept on the collection fund. It is currently forecast to break even by 31st March 2013. This forecast includes the improved position of £0.162m resulting from a lower than anticipated deficit at 31st March 2012.

Carbon Budget Update

- 3.23 A carbon budget has been set for 2012/13 as set out in Appendix 5. This shows the current level of spend on energy and the estimated carbon emissions across each service area, data has been updated to reflect 2011/12 actual performance. It includes a planned 4% reduction in 2012/13. This modest target will be challenging to meet on the basis of the current approach to carbon management. To make more significant savings in carbon emissions a more radical and longer term approach is required. There will therefore be a clear focus placed on reducing carbon emissions from buildings through the acceleration of the Workstyles programme reducing both the total number of buildings occupied by the council and also ensuring improved energy efficiency in the retained buildings. £60,000 of One Planet Living reserve has been allocated for undertaking detailed energy surveys in our buildings. In addition there will be long term investment in more energy efficient street lighting funded from Local Transport Plan resources.

The Council's 2011/12 Carbon Reduction Commitment footprint accounted for 23,727 tonnes of CO² from council buildings for which the council purchased £0.284m worth of CRC allowances at £12 per tonne.

Comments of the Director of Finance (S151 Officer)

- 3.24 This report provides an early forecast for 2012/13 and does not yet include a full review of all budgets. There are therefore likely to be further variations to report to Policy & Resources Committee at its next meeting in October. Overall the forecast on the revenue budget is encouraging given the substantial budget savings being implemented but the council will need to maintain its rigorous financial management in order to continue to address the ongoing impact of reductions in government grant funding over coming years.

4 COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 No specific consultation has been 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.

Finance Officer Consulted: Jeff Coates

Date: 24/09/2012

Legal Implications:

- 5.2 Decisions taken in relation to the budget must enable the council to observe its legal duty to achieve best value by securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The council must also comply with its general fiduciary duties to its Council Tax payers by acting with financial prudence, and 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: 24/09/2012

Equalities Implications:

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

Sustainability Implications:

- 5.4 The Council's carbon budget update is detailed in Appendix 5 and profiles the spend and CO2 carbon footprint for both 2010/11 and 2011/12 across the council. The projected carbon budget for 2012/13 is also reported within Appendix 5. Paragraph 3.23 provides a progress update in 2012/13 to reduce carbon emissions across council services.

Crime & Disorder Implications:

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

Risk and 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 minimum working balance of £9.000m 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.

Public Health Implications:

- 5.7 There are no direct public health implications arising from this report.

Corporate / Citywide Implications:

- 5.8 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 provisional outturn position on council controlled budgets is an underspend of £1.453m. Any underspend at year-end would release one off resources that could be used to aid budget planning for 2013/14. Any overspend at year-end would need to be funded from general reserves which would then need to be replenished to ensure that the working balance did not remain below £9.000m.

7 REASONS FOR REPORT RECOMMENDATIONS

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

SUPPORTING DOCUMENTATION

Appendices:

- 1. Revenue Budget Performance
- 2. Capital Budget Performance
- 3. Capital Budget Changes (New Schemes)
- 4. Value for Money Programme Performance
- 5. Carbon Budgets Update.

Documents in Members' Rooms:

None.

Background Documents

None.

Appendix 1 – Revenue Budget Performance

People - Revenue Budget Summary

Forecast Variance Month 2 £'000	Unit	2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
(535)	Commissioner - Children's Youth & Families	22,435	19,812	(2,623)	-11.7%
(110)	Commissioner - Learning & Partnership	5,253	5,138	(115)	-2.2%
165	Delivery Unit - Children's & Families	35,150	35,364	214	0.6%
(480)	Total Children's Services	62,838	60,314	(2,524)	-4.0%
(41)	Commissioner - People	1,956	1,924	(32)	-1.6%
(774)	Delivery Unit - Adults Assessment	49,490	48,427	(1,063)	-2.1%
322	Delivery Unit - Adults Provider	13,751	13,861	110	0.8%
(493)	Total Adult Services	65,197	64,212	(985)	-1.5%
(973)	Total Revenue - People	128,035	124,526	(3,509)	-2.7%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Commissioner – Children, Youth & Families (2,572)	Corporate Critical - Children's Agency Placements	The current projected number of residential placements (25.03 FTE) is broken down as 20.77 FTE social care residential placements (children's homes), 3.90 FTE schools placements, 0.36 FTE family assessment placements and 0.00 FTE substance misuse rehabilitation placements. The budget allows for 25.40 FTE social care residential care placements, 9.00 FTE schools placements, 1.50 FTE family assessment placements and 0.60	Although underspending in total, there are areas of pressure within Children's Agency Placement budgets. In particular, the Children's Services Value for Money (VFM) project is effectively addressing the level of activity and spend in IFAs. The plan focuses on strengthening preventive services and streamlining social care processes including: <ul style="list-style-type: none"> implementing a tiered approach to the procurement of placements for looked after

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		<p>FTE substance misuse rehab placements. The number of projected placements are unprecedentedly low and it is not yet known whether this level of activity is sustainable. It is currently 11.47 FTE below the budgeted level creating an underspend of £1.451m.</p> <p>The numbers of children placed in independent foster agency (IFA) placements, for the first time in several years, has begun to fall. During 2011/12 there were 164.52 FTE placements representing a 13.5% increase on the previous year (following a 23% increase from 2009/10). Currently there are 191.41 projected FTE placements. This is considerably less than anticipated in the budget which is based on 206.50 FTE placements resulting in an anticipated underspend of £0.812m.</p> <p>The current projected number of disability placements is 16.27 FTE with an average unit cost of £2,356.43. The number of placements is 1.34 FTE below the budgeted level. The average weekly cost of these placements is £48.64 higher than the budgeted level and the combination of these two factors together with a projected underspend of £0.018m on respite placements, results in an underspend of £0.137m.</p> <p>It is currently anticipated that there will be 0.75 FTE secure (welfare) placements and 0.53 FTE secure (justice) placements in 2012/2013. The</p>	<p>children, reducing the proportion of high cost placements</p> <ul style="list-style-type: none"> • improving the commissioning and procurement of expert assessments in care proceedings, strengthening arrangements for early permanence planning and increasing the numbers of in house foster placements able to provide tier 1 care. • strengthening early intervention and preventive services and commissioning a transformation change programme to support the re-structuring of social work services in the Children's Delivery Unit

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		<p>budget allows for 1.25 FTE welfare and 0.75 FTE justice placements during the year. There is currently one child in a secure (welfare) placement and one in a secure (criminal) placement resulting in a projected underspend of £0.172m</p> <p>Included within the projection is an estimate of the cost of potential price rises following the preferred provider retendering exercise currently underway. Initial evidence suggests that providers may include increases above the current rate of inflation in their new tendered prices. However, the robust tendering exercise and ongoing communication with providers to ensure value for money for the council will endeavour to reduce, where practical, any adverse financial impact of the tendering exercise. If successful, this could improve the forecast further.</p>	
(51)	Other	Minor underspend variances	
Commissioner – Learning & Partnership			
(110)	Home to School Transport	There is an underspend of £0.150m which reflects the continued reduction in the numbers of children being transported as well as the more favourable terms of the recently renegotiated contracts. This is partially offset by an overspend of £0.040m relating to the identified saving in denominational transport which is not now achievable as the proposal will now commence from September 2013 rather than September 2012.	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
(5)	Other	Minor underspend variances	
Delivery Unit – Children & Families			
270	Social Work Teams	The Social Work Teams are currently projected to overspend by £0.270m in 2012/13. This is predominantly due to the costs of the new accommodation / office moves and transport costs.	Costs will be monitored closely over the next few months and efforts made to reduce costs or identify mitigating savings to bring this budget back in balance where possible.
150	Management & Administration Savings	There is also a potential overspend resulting from the current shortfall in the Management and Admin savings target for this branch. The original target of £0.697m was subsequently reduced to £0.447m but savings identified through the Voluntary Severance Scheme and use, where appropriate of the Dedicated Schools Grant (DSG) have left a shortfall still to be found of £0.150m .	Vacancies will be scrutinised carefully to consider further potential opportunities to contribute to this saving as and when they arise.
(152)	Care Leavers	Currently the Unaccompanied Asylum Seeking Children team are projecting minimal growth in ex asylum seekers being supported resulting in an underspend of £0.150m. In addition, a further £0.050m backdated grant funding was received from the UK Border agency relating to disputed cases from 2011/12. This underspend is partially off-set by a projected overspend of £0.048m as it is anticipated that there will be an increase in care leavers requiring financial support of between 10-15 in this financial year. This results in the overall projected underspend of £0.152m .	
(70)	Legal Fees	Legal fees are currently projected to be underspent. This is made up of £0.037m underspend on independently commissioned social work and medical assessments and	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
(68)	Adoption Payments	£0.033m underspend for legal/court fees. The underspend on independent assessments is due to the implementation of the VFM programme to utilise the Clermont CPU team to undertake these assessments. Adoption payments are showing an underspend due to the number of anticipated allowances being £0.068m below budgeted levels.	
82	Corporate Critical - In House Foster Payments	Overspend of £0.082m relates to increase in Special Guardianship orders where 66 placements were budgeted for but current numbers are 72.	Implementation of a tiered approach to the procurement of placements is continuing with the aim of reducing the proportion of high cost placements over time.
2	Other	Minor overspend variances	
Commissioner – People			
(32)	Commissioner – People	There is a small underspend against PCT Mental Health commissioned grants.	
Delivery Unit – Adults Assessment			
See below	Assessment Services	Assessment Services are reporting an underspend of £1.063m at Month 5 (representing 1.7% of the net budget), an increase in underspend of £0.289m since Month 2. Significant progress has already been made in meeting the 2012/13 savings target in full, albeit that some alternative savings have been identified to help offset those areas that are proving more of a challenge. There is a risk of £0.400m against extra care housing in particular. The underspend is split against client groups as follows:	
(659)	Corporate Critical -	Older People services are showing an underspend of £0.659m which is a continuation of the financial	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
(525)	Community Care Budget (Older People)	trends seen during 2011/12 and builds upon the success of re-ablement and other initiatives in delivering ongoing efficiencies. The increase in underspend since Month 2 is due to savings as a result of the Electronic Care Monitoring System for homecare.	
140	Corporate Critical - Community Care Budget (Learning Disabilities)	Learning Disabilities are showing an underspend of £0.525m due mainly to the full year effect of management decisions taken during 2011/12 and over-achievement of financial recovery plan targets for the current financial year. The increase in the underspend since Month 2 of £0.296m mainly relates to one younger person expected to come into the service through transition who has become the responsibility of the NHS but there is a risk this could be reversed at a later date.	Activity and growth projections are being actively monitored. Offset by underspends against other client groups.
(19)	Corporate Critical - Community Care Budget - Under 65's Support & Intervention Teams	Under 65's are currently showing an overspend of £0.140m. Minor underspend.	
Delivery Unit – Adults Provider			
110		Provider Services are reporting a pressure of £0.110m at Month 5 (representing 0.8% of the net budget). The pressure is mainly from the risks against delivery of budget strategy savings on Learning Disabilities Accommodation (£0.311m) as a result of the deferment of a decision at the June meeting of the Adult Care & Health	The position will be reviewed following consideration of proposals for the Learning Disabilities Accommodation Strategy at September Adult Care & Health Committee.

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
		Committee; a further proposal was put to the September meeting of the Committee and approved.	

Appendix 1 – Revenue Budget Performance

Place - Revenue Budget Summary

Forecast Variance Month 2 £'000	Unit	2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Commissioner - City Regulation & Infrastructure	3,412	3,492	80	2.3%
339	Delivery Unit - City Infrastructure	21,928	22,302	374	1.7%
0	Delivery unit - Planning & Public Protection	5,493	5,602	109	2.0%
339	Total City Regulation & Infrastructure	30,833	31,396	563	1.8%
296	Commissioner - Housing	15,693	16,092	399	2.5%
0	Delivery Unit - Housing & Social Inclusion	512	512	0	0.0%
296	Total Housing	16,205	16,604	399	2.5%
635	Total Revenue - Place	47,038	48,000	962	2.0%

Explanation of Key Variances:

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Commissioner – City Regulation & Infrastructure			
80	Sustainable Transport	There is a pressure on the Highways and Engineering Projects Team and their ability to recharge sufficient time to capital projects to meet budget.	Efforts will continue to be made to legitimately recharge as much staff time as possible, and to try to identify underspends on non essential supplies and services.
Delivery Unit - City Infrastructure			
307	Corporate Critical - Parking Operations	There is a shortfall in the level of on street pay and display income leading to a forecast overspend against budget of £0.700m. There is a clear pattern of poor weather having a particularly negative impact on the on-street parking revenue.	The Lanes and London Road off street car parks are forecast to achieve additional income of £0.235m. Trafalgar Street and Regency Square will underspend on their revenue maintenance budgets by £0.043m owing to the capital

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		<p>In addition a migration away from cars to bus and cycle use, and car users switching from two hour stays to one hour stays may have also contributed to this.</p> <p>Uncertainty over the level of the contribution from NCP for the two leased car parks has also lead to a forecast overspend of £0.060m.</p> <p>An extension to the period of refurbishment at Trafalgar Street and Regency Square is likely to reduce the income capacity by £0.115m, and a shortfall in the level of income at the HRA High Street car park will cause a pressure of £0.010m.</p>	<p>programme in year. Efficiencies in the removals service and enforcement contract variations will lead to expenditure savings of £0.150m. The forecast for permit income now shows a surplus against budget of £0.150m. These will partially offset the risks above.</p>
51	Highways	This relates to the cost of specialist support staff relating to North Street, and to the permit scheme for road works and closures.	Efforts will be made to try and identify areas where underspends can be achieved in order to offset the pressures identified.
16	City Parks	Shortfall in the level of income from grounds maintenance.	Efforts will be made to manage staff time for the remainder of the year, to try and bring back to breakeven.
Delivery Unit – Planning & Public Protection			
96	Public Protection	There are pressures in respect of license fee income (£0.045m), staffing costs (£0.036m), and fees for animal welfare and kennelling costs (£0.015m).	Expenditure forecasts will be reviewed to determine whether there is scope to make savings elsewhere in order to bring the position back to breakeven.
13	Economic Development	Minor overspends.	Expenditure forecasts will be reviewed to determine whether there is scope to make savings elsewhere in order to bring the position back to a breakeven one.
Commissioner – Housing			
436	Corporate Critical Budget - Temporary	As identified at Month 2, the main pressure on Temporary Accommodation is from an expected increase in Bed and Breakfast spot purchase	This is a known service pressure area that needs to be managed in the context of the whole council budget position and considered in setting the

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
48	Accommodation & Allocations	<p>accommodation based on an average of 20 additional clients. In addition, because the stock of leased properties has also increased to keep pace with demand there is a slight pressure on staffing to manage this expansion which is offset by the additional income generated to meet savings targets.</p> <p>The increase in vulnerability of clients in hostels has meant that more staff have been employed to cope with this. Extra staff include 3 key workers for 6 months (1 at each hostel). There is also additional overspend due to a rent increase at West Pier Hostel. Some of these overspends have been offset by increased income due to 7 extra rooms across the hostel service.</p>	<p>2013/14 and 2014/15 budget. Mitigation action will attempt to acquire more accommodation through the framework agreement, which is currently being put together.</p> <p>This is linked to the known service pressures across this area as mentioned above.</p>
(115)	Lead Commissioner	<p>The underspend identified at Month 2 is due to over-achievement of value for money Management & Admin savings and savings against budgeted pension contributions. This underspend is being used to offset pressure against other services within Housing Commissioning.</p>	
30	Other Commissioner - Housing	<p>The main pressure is from staffing within the Housing Strategy team based on spend to date. This pressure was identified at Month 2. Part of this pressure has been reduced by efficiency savings. The slight overspend in Housing Options and Homelessness relates to staffing costs due to long term sickness cover.</p>	<p>Costs will be monitored closely and efforts made to bring the budget back in line</p>

Appendix 1 – Revenue Budget Performance

Communities - Revenue Budget Summary

Forecast Variance Month 2 £'000	Unit	2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Commissioner - Communities & Equalities	3,388	3,438	50	1.5%
0	Delivery Unit - Community Safety	2,353	2,538	185	7.9%
0	Commissioner - Sports & Leisure	1,157	1,157	0	0.0%
0	Commissioner - Culture	1,970	2,000	30	1.5%
546	Delivery Unit - Tourism & Leisure	3,231	3,779	548	17.0%
546	Total Revenue - Communities	12,099	12,912	813	6.7%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Commissioner – Communities & Equalities			
50	Community Development	The forecast overspend is in respect of match-funding for a Community and Voluntary Sector Forum led project "Transforming the Local Infrastructure"	There may be a potential to offset this by underspends on other commissions by year end.
Delivery Unit – Community Safety			
185	Community Safety	The forecast overspend across Community Safety is due to the unachievable savings target of £0.079m in respect of the drugs and alcohol services and other budgetary pressures for which options are being explored. The financial impact regarding the establishment of the Police and Crime Commissioners has yet to be reflected in the forecast.	Urgent action is being undertaken to reduce the level of overspend including possible additional grant funding which could be applied to current projects.
Commissioner – Sports & Leisure			
0	Sport and Leisure	The forecast across Sport and Leisure commissioning budgets is currently break-even. Essential health and safety works have been carried out at Saltdean Lido under Urgency Powers which	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		are to be funded from the General Fund risk provision as detailed in the Corporate Budgets section of this Appendix. Options are being developed for the future of the Lido.	
Commissioner - Culture			
30	Brighton Dome client costs	It was anticipated that a reduction in the contractual payment to the Dome for 2011/12 could be negotiated but this has not proved possible in its entirety.	Negotiations are ongoing to review the inflationary clause within the contract for future years.
Delivery Unit – Tourism & Leisure			
460	Venues	The Venues forecast overspend is as a result of the immediate short term issue of the loss of Holiday On Ice for January 2013 (£0.180m), realisation of impact of low levels of bookings made prior to the refurbishment of the venue when it was not such an attractive proposition for exhibitions and conference bookers (£0.144m), reduced bookings for entertainments (£0.122m) and a pressure of £0.014m due to the loss of rooms no longer available for functions at the Hove Centre.	Action is being taken to secure further bookings and maximise future business opportunities, this includes the one week Holiday on Ice Show in November 2012 and three week run of Starlight Express. Conference bookings since January of this year, following completion of the refurbishment works to the Brighton Centre currently have a future predicted economic impact of £180m, far exceeding any previous booking levels. This is for bookings stretching to 2025 and is an indication of an ability to meet future targets.
73	Royal Pavilion and Museums	The overspend includes £0.040m due to delays in the development of new security staffing arrangements to achieve savings for 2012/13 and £0.140m pressure across retail, based on the current figures. These overspends have been reduced by vacancy management savings of £0.040m and a net surplus of £0.067 admissions income.	Work on new security staffing arrangements with staff and unions is underway. Action is being taken to reduce the pressure across retail. In previous years, by this point in the year the major exhibition has taken place. This year it has only just opened and it is hoped that the

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
15	Tourism & Marketing	The forecast overspend across Tourism and Marketing is due mainly to pressures on income of £0.010m within Marketing and £0.010m regarding Conferences as well as other minor overspends. These have been partially offset by salary savings.	product developed for Biba will sell well, however, it is not possible to predict with certainty what income levels on secondary spend will be. The previously reported energy pressure has been excluded from the forecast pending further information and clarification of usage.
			In all areas actual and forecast income and expenditure is closely reviewed and action is being taken to maximise any future business opportunities as well as reduce costs.

Appendix 1 – Revenue Budget Performance

Resources & Finance - Revenue Budget Summary

Forecast Variance Month 2 £'000	2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
28	13,349	13,409	60	0.4%
0	(752)	(752)	0	0.0%
172	19,124	19,324	200	1.0%
0	5,966	5,936	(30)	-0.5%
0	1,144	1,157	13	1.1%
200	38,831	39,074	243	0.6%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Delivery Unit – City Services			
60	City Services	This relates to libraries services following due process and engagement with staff and stakeholders in consultation which led to a later than planned implementation of the proposed budget savings.	Pressures are being actively managed to minimise or reduce costs.
Resources			
69	Communications	Communications are forecasting an overspend of £0.069m in 2012/13. This is mainly from staffing pressures. This assumes the delivery of agreed savings of £0.039m made from ceasing the publication of City News and a further £0.040m against staffing. Revenue income of £0.150m is currently forecast from advertising and	Savings continue to be made on communications across the council as a result of consolidating budgets. The overall spend on council-wide communications was reported at £2.900m for 2011/12 and work is ongoing to deliver greater efficiencies as part of the overall value-for-money programme. Additional revenue

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		<p>sponsorship contracts which are due to be awarded in November 2012. Additional revenue of £0.025m has been generated from external clients. Further revenue of £0.080m is expected to be generated but there are significant risks attached to this forecast. These include competitive tenders, completion of contracts before the end of the financial year and market instability in terms of the size of contracts awarded.</p>	<p>income opportunities will be explored wherever possible.</p>
39	Human Resources	<p>Human Resources are forecasting an overspend of £0.039m. The Human Resources Systems Thinking review is in progress; the transformation fund will resource the review along with specific direct investment required to improve service efficiency. The review is expected to inform the future resourcing requirements of the service and determine any potential savings.</p>	<p>It is expected that any efficiencies delivered in the year will be used to offset current pressures.</p>
115	ICT	<p>The main risks relate to delivery of the savings target for upgrading of telephony services (£0.060m) an element of which relates to the VFM programme as described in Appendix 4. Other risks include an operating cost pressure associated with equipment replacement, increased security compliance (£0.068m), offset by underspends.</p>	<p>This forecast indicates that the ICT budget is under pressure. However, costs will be closely monitored and opportunities for cost reduction and other savings will be kept under review to help balance the budget.</p>
(16)	Legal & Democratic Services	<p>Minor underspend</p>	
(7)	Policy, Performance & Analysis	<p>Minor underspend</p>	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Finance (30)	Financial Services	A small number of vacancies and lower than expected temporary cover costs have resulted in an underspend on the staffing budget.	

Appendix 1 – Revenue Budget Performance

Corporate Budgets - Revenue Budget Summary

Forecast Variance Month 2	2012/13 Budget Month 5	Forecast Outturn Month 5	Forecast Variance Month 5	Forecast Variance Month 5
£'000	£'000	£'000	£'000	%
(425)	3,419	3,084	(335)	-9.8%
0	9,696	9,746	50	0.5%
350	8,862	9,212	350	3.9%
0	167	167	0	0.0%
205	(531)	(326)	205	38.6%
0	3,363	3,147	(216)	-6.4%
(16)	(33,335)	(33,351)	(16)	0.0%
114	(8,359)	(8,321)	38	0.5%

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Bulk Insurance Premia			
(425)	Bulk Insurance Premia	The budget for 2012/13 was increased by £0.410m to reflect the forecast increase in premium rates following an anticipated re-rendering exercise of some of the portfolio from 1 April 2012. In order to maximise value for money it was decided to defer the re-rendering so that all the council's insurance cover could be re-rendered at the same time from 1 April 2013. Negotiations to extend agreements with existing insurers were concluded with minimal changes in existing rates therefore the increased budget provision for this year will not be required. The forecast underspend has reduced by £0.090m since Month 2. This relates to the settlement of two slip / trip claims (£0.050m) and the	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
		increasing costs of litigated claims, particularly legal fees (£0.040m). It is anticipated that the council will experience increasing numbers of litigated claims from "no win no fee" lawyers in the period up to April 2013 when the law is due to change. The change will mean that lawyers will no longer be able to claim success fees from the losing side and should instead receive a share of any damages awarded. The Government hopes the change will act as a disincentive to anyone bringing spurious cases.	
Concessionary Fares			
50	Concessionary Fares	A small overspend is forecast for 2012/13 in relation to the net position of increased journeys and contracted services compared to the budgeted fixed price contract.	
Capital Financing Costs			
350	Capital Financing Costs	There is an anticipated £0.350m pressure on financing costs due to reduced HRA borrowing as at 31 st March 2012 compared to that anticipated at budget setting time. With effect from 1 st April 2012 HRA borrowing is separate from other council borrowing. This has resulted in a greater element of the financing costs of the authority impacting on the General Fund than anticipated.	Where possible, underspends on other corporate budgets will be used to mitigate this pressure, notably Bulk Insurance Premia.
Corporate VFM Projects			
205	Corporate VFM Projects	A number of VFM projects relate to council-wide projects which will deliver savings across many, if not all, service areas. The associated savings targets are shown under Corporate Budgets awaiting allocation to individual service budgets as and when savings are identified and/or confirmed. If all savings are identified and achieved in 2012/13, the Corporate VFM Projects savings target above will reduce to zero by the end of the financial year.	Full details of VFM Programme performance and variances are given in Appendix 4.
Risk Provisions			
(216)	Risk Provisions &	There is a one-off risk provision of £1.000m and it is now forecast	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
	contingency	<p>that £0.216m of this can be released to support the overall position. It is anticipated that the remaining £0.784m will be required for the following:</p> <ul style="list-style-type: none"> • maintenance work at Saltdean Lido undertaken under urgency powers. This totals £0.130m of which £0.030m relates to capital expenditure and is included in Appendix 3; • implementation of Information Commissioner's Office (ICO) recommendations; • additional legal costs for intellectual property rights; • support for school bus routes; • other one-off pressures that might arise during the year. <p>There are permanent risk provisions of £1.000m (general) and £0.785m (pay related matters) which are also forecast to be fully spent. This will be kept under review as the year progresses and, if appropriate, amounts may be released to support the overall position.</p>	
Other Corporate Items			
(16)	Corporate Unringfenced Grants	Additional income relating to the Learning Disabilities & Health Reform Grant.	

Appendix 1 – Revenue Budget Performance

Housing Revenue Account - Revenue Budget Summary

Forecast Variance Month 2	2012/13 Budget Month 5	Forecast Outturn Month 5	Forecast Variance Month 5	Forecast Variance Month 5
£'000	£'000	£'000	£'000	%
	Housing Revenue Account			
(174)	8,518	8,288	(230)	-2.7%
(30)	10,645	10,346	(299)	-2.8%
-	3,442	3,365	(77)	-2.2%
-	2,073	2,047	(26)	-1.3%
-	1,981	1,949	(32)	-1.6%
-	55	58	3	5.5%
558	18,642	18,642	-	0.0%
(558)	7,219	7,219	-	0.0%
(204)	52,575	51,914	(661)	-1.3%
-	(46,702)	(46,726)	(24)	-0.1%
-	(1,246)	(1,208)	38	3.0%
-	(4,152)	(4,244)	(92)	-2.2%
-	(465)	(484)	(19)	-4.1%
-	(410)	(372)	38	9.3%
-	(52,975)	(53,034)	(59)	-0.1%
(204)	(400)	(1,120)	(720)	

Explanation of Key Variances

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
Housing Revenue Account			
(230)	Employees	This relates to vacancies throughout the service during the first few months of the year while recruitment to the new Housing and Social Inclusion structure was being finalised. It also includes underspends on pension costs as fewer staff are members of the pension scheme.	
(299)	Premises Repairs	Responsive repairs are forecast to underspend by £0.200m. The continuation of the policy implemented last year to review responsive repairs within the context of the replacement programme has resulted in lower than expected values and numbers of responsive repairs. There is also a further underspend on the costs of gas servicing of £0.104m as a result of the re-basing of the open book contract after the budget was set.	
(77)	Premises -other	There is a £0.048m underspend on premises costs relating to the housing centre, and a further underspend of £0.020m on council tax payments for empty properties where properties have been refurbished and re-let quicker than anticipated.	
(26)	Transport and Supplies	This variance relates to many small underspends on transport and supplies throughout the service. Some of these relate to professional fees and computer hardware as well as a forecast reduction in vehicle maintenance costs as a result of new vehicles being purchased. The underspends are off-set by £0.100m additional expenditure on the financial inclusion project which aims to procure a money advice service for residents. This expenditure was approved as part of the 2012/13 budget process to be funded out of earmarked reserves but has now been funded by these underspends.	

Appendix 1 – Revenue Budget Performance

Key Variances £'000	Service	Description	Mitigation Strategy (Overspends only)
(92)	Service Charge Income	Service Charge income is forecast to over -recover slightly by £0.092m (2.22%) due in the main to an unexpected increase in the 2011/12 repairs service charge for leaseholders (billed in 12/13). This is due to more repairs works being carried out to leaseholders' properties during the last financial year.	

Dedicated Schools Grant - Revenue Budget Summary

2012/13 Variance Month 2 £'000	Dedicated Schools Grant (DSG)	2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Individual School Budgets (ISB) <i>(This does not include the £6.380m school balances brought forward from 2011/12)</i>	126,774	126,774	0	0.0%
0	Private, Voluntary & Independent (PVI) <i>(Early Years 3 & 4 year old funding for the 15 hours free entitlement)</i>	6,801	6,801	0	0.0%
(45)	Central Schools Budget <i>(This includes £1.168m central underspend brought forward from 2011/12)</i>	16,595	16,452	(143)	-0.9%
0	Grant income	(149,002)	(149,002)	0	0.0%
(45)	Total Net DSG	1,168	1,025	(143)	-12.2%

Explanation of Key Variances

Key Variances £'000	Service	Description (Note: FTE/WTE = Full/Whole Time Equivalent)	Mitigation Strategy (Overspends only)
Central Schools Budget			
(62)	Educational Agency Placements	At budget setting time it was estimated that there would be 61 FTE placements. The current number of children in an educational agency placement remains at 61 but due to favourable changes in placement costs there is an underspend.	
(48)	Education of Looked After Children	Costs being lower than anticipated.	
(19)	Swan Centre	Small underspends on non-employee costs.	
(14)	Various	Other minor underspends	

NHS Trust Managed S75 Budgets - Revenue Budget Summary

Forecast Variance Month 2	2012/13 Budget Month 5	Forecast Outturn Month 5	Forecast Variance Month 5	Forecast Variance Month 5
£'000	£'000	£'000	£'000	%
S75 Partnership				
8	11,485	11,364	(121)	-1.1%
(164)	2,436	2,483	47	1.9%
(156)	13,921	13,847	(74)	-0.5%

Explanation of Key Variances

Key Variances	Service	Description	Mitigation Strategy (Overspends only)
Sussex Partnership Foundation NHS Trust			
(121)	SPFT	Sussex Partnership Foundation NHS Trust (SPFT) is reporting an underspend of £0.121m at Month 5. The budget strategy savings target of £0.326m has already been achieved. On top of this, further savings of £0.083m have been achieved as a result of increased funding through the assessment process and the use of assistive technology. However, there continue to be pressures against the Adult Mental Health Community Care budget from a lack of suitable accommodation, for which there is a specific savings target in the Financial Recovery Plan. In line with the agreed risk-share arrangements for 2012/13 any overspend or underspend will be shared 50/50 between SPFT and BHCC.	
Sussex Community NHS Trust			
47	SCT	Sussex Community NHS Trust (SCT) are reporting an overspend of £0.046m. The HIV budget is underspent and is a continuation of the position from 2011/12. There are significant staffing pressures against Intermediate Care services where a process has been put in place to manage this position..	

People – Capital Budget Summary

Forecast Variance Month 2 £'000	Unit	2012/13 Revised Budget £'000	Approved at other Meetings £'000	New Schemes Appendix 3 £'000	Variation, Slippage or reprofile £'000	2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Commissioner - Learning & Partnership	27,093	1,332	0	0	28,425	28,425	0	0.0%
0	Delivery Unit - Children's & Families	393	0	17	0	410	410	0	0.0%
0	Total Children's Services	27,486	1,332	17	0	28,835	28,835	0	0.0%
0	Commissioner - Adult Services	347	0	0	0	347	347	0	0.0%
0	Delivery Unit - Adults Provider	169	0	0	0	169	169	0	0.0%
0	Delivery Unit - Adults Assessment	551	0	0	150	701	701	0	0.0%
0	Total Adult Services	1067	0	0	150	1,217	1,217	0	0.0%
0	Total People	28,553	1,332	17	150	30,052	30,052	0	0.0%

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
Delivery Unit – Adults Assessment				
Variation	150	Adaptations for the disabled	To increase the capital budget available for ASC minor adaptations by £0.150m to help support Adult Social Care in delivering improved personalised care for residents. National research demonstrates that most service users would choose the one-off provision of re-abling equipment or adaptations, which supports their continued independence, rather than the more costly and ongoing intervention of a care package (Better Outcomes, Lower Costs ODI/University of Bristol, 2007). Demand is	

Appendix 2 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			<p>expected to increase due to more staff receiving enhanced assessor training to carry out assessments for adaptations and better value for money will be achieved as the provision of the fitting of adaptations is being tendered using a framework agreement. £0.060m will be allocated out of the £0.150m to fund the 'Handling the Future' project which will use specialist equipment and adaptations to replace the need for multiple carers in the manual handling of service users.</p> <p>This variation will be funded from an agreed revenue contribution from the Adult Social Care budget. This is in addition to the carry-forward of underspend from 2011/12 of £0.118m previously reported to P&R committee on 14th June 2012. The total adaptations budget for 2012/13 will therefore be £0.268m.</p>	

Place – Capital Budget Summary

Forecast Outturn Month 2 £'000	Unit	2012/13 Revised Budget £'000	Reported At other Meetings £'000	New Schemes Appendix 3 £'000	Variation, Slippage or reprofile £'000	2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Commissioner - City Regulation & Infrastructure	7,508	0	461	0	7,969	7,969	0	0.0%
0	Delivery Unit - City Infrastructure	8,651	0	153	10	8,814	8,814	0	0.0%
0	Delivery Unit – Planning, Public Protection	0	0	18	0	18	18	0	0.0%
0	Commissioner - Major Projects	866	0	0	(50)	816	816	0	0.0%
0	Total City Regulation & Infrastructure	17,025	0	632	(40)	17,617	17,617	0	0.0%
0	Commissioner - Housing	7,010	0	0	0	7,010	7,010	0	0.0%
0	Delivery Unit - Housing & Social Inclusion (HRA Capital)	38,768	0	350	(2,416)	36,702	36,691	(11)	0.0%
0	Total Housing	45,778	0	350	(2,416)	43,712	43,701	(11)	0.0%
0	Total Place	62,803	0	982	(2,456)	61,329	61,318	(11)	0.0%

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
Delivery Unit – City Infrastructure				
Variation	10	Aldington / Wish S106	An additional £0.010m is requested for the Wish park play area funded by a S106 agreement .	
Commissioner – Major Projects				

Appendix 2 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Variation	(50)	Major Projects	Minor resourcing changes of the capital spend on Shoreham Harbour (£0.045m) and The Keep (£0.005m) within Major Projects, as this funding has been switched to revenue, result in a small reduction in the capital budget for this area.	
Delivery Unit – Housing & Social Inclusion (HRA Capital)				
Reprofile	(100)	Major Empty Properties	Reprofiling of £0.100m is requested in order to complete the major empty projects that will begin in 2012/13 but current estimates indicate that some will not be completed until 2013/14.	
Reprofile	(400)	Pre-release conversion refurbishment for Seaside Homes (TACC)	There have been delays in starting the largest of the conversion projects at 243/245 Preston Road as P&R committee approval was required to appropriate the property in the Housing Revenue Account. The deterioration of the building has continued, and further surveys to establish the new levels of work required have had to take place.	
Reprofile	(600)	Lift Replacement programme	The current programme has been delivered with an expected underspend in 2012/13 of £600,000. Additional works to the current programme have been identified to be completed in 2013/14 and it is proposed to reprofile this underspend to fund these works.	
Reprofile	(416)	Rewiring – Essex Place	The Essex Place communal lighting upgrade project has now been moved to the 2014/15 financial year. These works need to follow on from other capital projects which have taken precedent such as the lift replacement programme and proposed works to repair the structure and thermal efficiency of the block. Moving these works to 2014/15 will allow sufficient time for the other works to be completed and will minimise disruption to the residents of the block.	
Reprofile	(900)	Redevelopment of HRA Garage Sites	Approval was given by Housing Committee on the 26th September for the procurement of a delivery partner to take forward final feasibility, design and development of new council	

Appendix 2 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			homes on the HRA vacant garage sites. The timetable for taking the garage site scheme development forward will result in £0.900m of the £1.3m 2012/13 capital programme budget for these sites being spent in the new financial year.	
Forecast Variance	(200)	Structural works	A projected underspend of £0.200m due to a number of these empty properties that require major works now being leased to Seaside Homes.	
Forecast Variance	405	TV aerials	The project is projected to overspend by £0.405 million on the original budget of £1.4 million. The increased spend was due to additional sites not included in the original budget assumptions, which were required to ensure tenants were unaffected by the switchover, and the installation of security improvements to protect the equipment against vandalism.	Some of the additional costs amounting to £0.150 million are recovered through services charges, approved as part of the 2012/13 HRA revenue budget. The balance of £0.255 million will be met from other HRA Capital Programme underspends.
Forecast Variance	(248)	Empty Properties	All works to properties that are planned for under this budget are currently in progress and are expected to be delivered as planned in this financial year. The works/properties will not require all of the funding available and so are expected to deliver a saving of approximately £0.248m.	
Forecast Variance	32	Overheads	Minor overspend on overheads funded by the above forecasted underspends	

Communities - Capital Budget Summary

Forecast Outturn Month 2 £'000	Unit	2012/13 Revised Budget £'000	Reported at other Meetings £'000	New Schemes Appendix 3 £'000	Variation, Slippage or reprofile £'000	2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Commissioner - Sports & Leisure	1,098	0	30	(500)	628	593	(35)	-5.6%
0	Delivery Unit - Tourism & Leisure	3,311	0	0	0	3,311	3,311	0	0.0%
0	Total Capital Communities	4,409	0	30	(500)	3,939	3,904	(35)	-0.9%

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
Commissioner – Sports & Leisure				
Reprofile	(500)	Withdean Athletics Track	The replacement of the track has to be undertaken during the warmer months and we had initially hoped to do this in late summer/autumn 2012. However, the timescale proved too tight and delays to the project due to the weather have resulted in it being unfinished for winter training. We are now looking at commencing works in either April or August 2013 (depending on what the athletics clubs would prefer). A reprofile of £0.500m to 2013/14 is requested.	
Forecast variance	(35)	Stanley Deason all weather track	Tenders have now been received and the cost of the project is £0.035m less than expected.	

Appendix 2 – Capital Programme Performance

Resources & Finance - Capital Budget Summary

Forecast Variance Month 2 £'000	Unit	2012/13 Revised Budget £'000	Approved at other Meetings £'000	New Schemes in Appendix 3 £'000	Variation, Slippage or reprofile £'000	2012/13 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Delivery Unit - City Services	1,774	0	0	606	2,380	2,380	0	0.0%
0	Resources	9,992	0	0	(203)	9,789	9,789	0	0.0%
0	Finance	139	0	0	0	139	139	0	0.0%
0	Total Capital Resources & Finance	11,905	0	0	403	12,308	12,308	0	0.0%

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

Detail Type	£'000	Project	Description	Mitigation Strategy
Delivery Unit – City Services				
Variation	606	Woodvale Cremators for Mercury Abatement	In developing the technical brief since the project was approved in February 2012 it has now been identified, following a rigorous and comprehensive feasibility study and costs analysis by a Quantity Surveyor, that the approved £1.2 million funding will not achieve the minimum requirements of the mercury abatement scheme. An evaluation of options has identified a preferred scheme where an additional £0.606 million represents better Value For Money over the longer term to comply with legislation, whilst taking the opportunity to improve customer facilities at Woodvale.	
			The investment is considered to represent a good business case by enabling minimal service disruption and therefore minimising the loss of future revenues and patronage, and through learning the lessons of other crematoria that were early implementers of mercury abatement facilities.	

Appendix 2 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			<p>Additional essential works will ensure compliance with Health and Safety legislation and maintain our buildings to a high standard for our customers. By addressing significant repair and upkeep issues now, the service will avoid pressures on the revenue budget for the coming years, and also minimise disruption to the service and our customers. This includes the replacement of cremators that have served their shelf life, essential damp proofing and repair work to chapel roofs, necessary refurbishments and improved lighting.</p> <p>The scheme will deliver significant improvements to the environmental performance at Woodvale Crematorium. This includes reductions in air and water pollution, reductions in energy consumption, including recycling of heat, and a reduction in carbon emissions. The crematorium will also remain open for the duration of the works.</p> <p>The project is being procured through Tier 2 of the Sussex Cluster IESE Framework; using this method of procurement reduces the risk of any agreed maximum price being exceeded.</p> <p>The capital funding will be financed through reserves built up in anticipation of the mercury abatement works of £0.548 million and borrowing of £1.258 million. The borrowing will be repaid over a 15 year period and will be met by the Mercury Abatement levy charged per cremation, and revenue from fees and charges. It is anticipated that additional income of £0.035m a year will be achieved as a result of the improvements and will support the future maintenance and other running costs.</p> <p>The new energy efficient equipment is expected to reduce energy costs at the Woodvale site. This will also provide the council with the opportunity to reduce carbon emissions which may reduce the council's Carbon Reduction Commitment payments. The revised profile of capital</p>	

Appendix 2 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Resources				
Reprofile	(87)	Planned Maintenance Budget - Preston Manor Electrical Remedials	Phase 1 and Phase 2 of external conservation repairs and redecoration to Preston Manor have been rolled together across financial years to undertake the highest priority essential external repairs to this grade 2 star listed building. This work is currently in progress and programmed to complete by the end of October 2012 before the dangers of frost that can destroy historic building materials. A smaller scale Phase 3 of further priority external and internal repairs is planned to be undertaken during the summer months in 2013/14. Further funding is intended to be allocated from the Planned Maintenance Budget for Phase 3 in 2013/14 and the remaining £0.040m in this year's phase 2 budget will be used to supplement this.	
Reprofile	(116)	Planned Maintenance Budget – Preston Manor Extrenal Repair Phase 2 & Repace fire alarm & lighting	As set out above, Phases 1 and 2 of the external works at Preston Manor will not complete until the end of October 2012. Consultation with conservation and historic buildings, Conservation Officers and English Heritage is in progress to agree the works specification before the electrical, fire alarm and emergency lighting works can be progressed. It may also make financial sense to align these electrical works with those of Phase 3 of the refurbishment and explore possible benefits in procuring internal fabric repairs and these electrical works as a single package to maximise value. The request is to reprofile both budgets in full to be delivered in summer 2013.	

New Capital Project Approval Request				
Unit:	Delivery Unit – Children’s & Families			
Project title:	New Vehicle for 55 Drove Road			
Total Project Cost (All Years)	£17,000			
Purpose, benefits and risks:				
<p>The Short Term Care Unit operates for young people with a severe learning disability and challenging behaviour aged between 10 and 18 years. Residential short stays provide a support to families enabling young people to remain in their own homes. The aim of the Care Unit is to promote independence, provide support to families and work with the young people to help them manage their behaviours safely and appropriately. This new vehicle is needed to enable the Unit to operate successfully and is a replacement of a previous one.</p>				
Capital expenditure profile (£'000):				
Year	2012/13	2013/14	2014/15	TOTAL
Unsupported Borrowing	17	0	0	17
Total estimated costs and fees	17	0	0	17
Financial implications:				
<p>Unsupported borrowing is available to provide finance for schemes such as this. The repayment of the loan will be funded from the revenue budget of the unit.</p>				

New Capital Project Approval Request

Unit: Commissioner – City Regulation & Infrastructure
 Project title: Brighton Marina to River Adur Study
 Total Project Cost (All Years): £233,000

Purpose, benefits and risks:

The Council have been successful in applying to the Environment Agency for a grant towards works for the Brighton Marina to River Adur and Coastal Erosion Risk Management Study. A new strategic study of this section of coast has just begun and is due to be completed in 2014. A strategy study looks in detail at the length of coast under consideration and how it will evolve over the next 100 years, the significant human and natural factors that are influencing it now and in the future, how these can be accommodated and what kind of defensive measures are suitable and affordable.

The study area covers sections of coast administered by Adur District Council and Brighton & Hove City Council. The cost is met by the Environment Agency.

Capital expenditure profile (£'000):

Year	2012/13	2013/14	2014/15	TOTAL
Grant Funding	111	101	21	233
Total estimated costs and fees	111	101	21	233

Financial implications:

The Environment Agency provides capital grants to other Flood and Coastal Erosion Risk Management (FCERM) Operating Authorities in England under section 16 of the Floods and Water Act 2010. Grants are available to authorities towards approved capital expenditure incurred on the improvement of existing, or the construction of new, flood or erosion risk management and water level management works

New Capital Project Approval Request

Unit: Commissioner – City Regulation & infrastructure
 Project title: The Better Bus Area Fund
 Total Project Cost (All Years): £2,100,000

Purpose, benefits and risks:

The city is renowned for having one of the most successful bus networks outside of London and bus patronage has increased from 30.2 million journeys in 2001 to 41.1 million in 2009/10. Over the last five years patronage has grown by 16.5% (an additional 5.8 million passengers).

Brighton & Hove applied to the government for a grant through the 'Better Bus Areas' fund. The money will be spent over the next two years on improvements to both services and infrastructure.

Investment will be focussed on improving the area for bus passengers around Valley Gardens; enhancing the route along Edward Street/Eastern Road to serve the new Royal Sussex County Hospital development; and to provide better bus stop facilities as part of the Lewes Road scheme, to accommodate the 'bendy' buses due to come on stream from April. The scheme will help link bus services in with ongoing transport and public realm schemes and make it easier and quicker to get to key destinations such as the city centre, Brighton station and the Royal Sussex County hospital.

Improvements around Valley Gardens, from The Level to the Old Steine in Brighton, are part of a wider public realm project to provide an attractive, flexible and safe space for people to enjoy year-round and at all times of the day.

Capital expenditure profile (£'000):

Year	2012/13	2013/14	2014/15	TOTAL
Grant Funding	350	1,750	0	2,100
Total estimated costs and fees	350	1,750	0	2,100

Financial implications:

Department for Transport are providing a grant of £2.1m to finance this scheme.

New Capital Project Approval Request

Unit: Delivery Unit – City Infrastructure
 Project title: Controlled Parking Schemes
 Total Project Cost (All Years): £153,000

Purpose, benefits and risks:

This capital scheme is providing new controlled parking schemes for Canning Street, Richmond Heights and London Road station. It includes the cost of surveys, consultants, lining and signing, and the pay and display machines.

Capital expenditure profile (£'000):

Year	2012/13	2013/14	2014/15	TOTAL
Unsupported Borrowing	153	0	0	153
Total estimated costs and fees	153	0	0	153

Financial implications:

The £0.153m capital sum consists of £0.133m in respect of Canning Street and Richmond Heights and £0.020m for London Road Extension. Within this £0.078m relates to lining and signing costs, £0.055m is the cost of the pay and display machines and £0.020m is for consultation and survey costs.

The impact of any revenue from the new schemes has been included within the Parking On-Street budget, and any revenue surplus after ongoing costs will then be used to repay the capital borrowings costs over 7 years.

New Capital Project Approval Request

Unit:	Delivery Unit – Planning, Public Protection
Project title:	Emergency Access Vehicle
Total Project Cost (All Years):	£18,150
Purpose, benefits and risks:	

The Civil Contingencies Act 2004 places a statutory duty on local authorities to respond to civil emergencies in their areas. In practical terms this means attending incidents in support of emergency response services, providing humanitarian support to residents and specialist advice to partner responding agencies. This application for funding is to provide a vehicle to be available 24/7 carrying suitable equipment that is most likely to be needed at or near the scene on an incident.

At present, this equipment is stored in buildings around the city that needs to be collected and transported to the scene, often causing considerable delay. The provision of this vehicle will greatly enhance the council's ability to respond to incidents.

The vehicle requested will be a Ford Ranger 4 wheel drive vehicle to ensure access to remote locations or those difficult to access because of severe weather. It will routinely be used by the Civil Contingencies Team for day to day work, thus saving some internal officer costs, and be available to the 'on-call' Civil Contingencies Duty Officer if required.

Capital expenditure profile (£'000):				
Year	2012/13	2013/14	2014/15	TOTAL
Unsupported Borrowing	18	0	0	18
Total estimated costs and fees	18	0	0	18
Financial implications:				

The cost of the loan for the vehicle has been included in the unit's revenue forecasts.

New Capital Project Approval Request

Unit: Delivery Unit – Housing & Social Inclusion (HRA Capital)
 Project title: Feasibility & Design for Investment on Housing Land
 Total Project Cost (All Years): £1,000,000

Purpose, benefits and risks:

A report titled ‘Housing Investment 2012-2020: Strategy & implementation plan’ was approved by Housing Committee on 26th September which included the recommendation for the procurement of initial feasibility and design, on a number of case studies for housing opportunities on HRA land where appropriate at an estimated cost, including stakeholder engagement and consultation of £1 million.

This request is to include a budget of £1 million in the HRA Capital Investment Programme, profiled to be spent over two financial years 2012/13 (£0.350 million) and 2013/14 (£0.650 million), so that this project can commence as per timetable in 2012/13 and be included in future TBM reports.

Capital expenditure profile (£'000):

Year	2012/13	2013/14	2014/15	TOTAL
HRA Usable Reserves	350	650	0	1,000
Total estimated costs and fees	350	650	0	1,000

Financial implications:

The estimated costs of £1 million to take forward detailed feasibility, design and consultation work for housing opportunities on HRA land will be funded from HRA usable reserves over the two years.

New Capital Project Approval Request				
Unit:	Commissioner – Sports & Leisure			
Project title:	Saltdean Lido Emergency Works			
Total Project Cost (All Years):	£30,000			
Purpose, benefits and risks:				
<p>A report titled 'Saltdean Lido Update' was approved by the Economic Development & Culture Committee on 20 September which included the recommendation for emergency works to be undertaken under urgency powers to be funded from the General Fund risk provision. The capital works amount to approximately £0.030m</p>				
Capital expenditure profile (£'000):				
Year	2012/13	2013/14	2014/15	TOTAL
Direct Revenue Funding	30	0	0	30
Total estimated costs and fees	30	0	0	30
Financial implications:				
<p>The cost of the works is £0.130m of which 0.030m is capital and £0.100m is revenue. The capital part of the spend will be funded by a revenue contribution from the General Fund risk provision.</p>				

New Capital Project Approval Request

Unit: Delivery – Tourism & Leisure

Project title: i360

Total Project Cost (All Years): £17,793,000

Purpose, benefits and risks:

A report titled 'i360 Loan Agreement' was approved by this Committee on 12 July which included under the financial implications that at the time of writing the profile of the loan drawdowns had yet to be agreed with Brighton i360 and therefore the amount to be included in the 2012/13, 2013/14 and 2014/15 programme would be reported to this committee as part of the TBM reporting process. The profile is hereby reported and shows that, based on the latest projections, it will be included in the 2013/14 & 2014/15 capital programmes.

Capital expenditure profile (£'000):

Year	2012/13	2013/14	2014/15	TOTAL
Unsupported Borrowing	0	3,605	11,188	14,793
Local Enterprise Partnerships (LEP) Contribution	0	731	2,269	3,000
Total estimated costs and fees	0	4,336	13,457	17,793

Financial implications:

The i360 report on 12 July agreed the funding of the scheme; the information above clarifies the profile of payments for inclusion in the capital programme.

Value for Money Programme Performance

Projects	Savings Target £m	Achieved £m	Anticipated £m	Uncertain £m	Achieved %
Adult Social Care	1.172	0.828	0.344	0.000	70.6%
Children's Services	0.301	1.351	1.892	0.000	448.8%
ICT	0.361	0.233	0.067	0.061	64.5%
Procurement *	1.341	0.000	1.341	0.000	0.0%
Procurement (2011/12)	0.355	0.108	0.147	0.100	30.4%
Workstyles	0.270	0.200	0.070	0.000	74.1%
Systems Thinking/Process Efficiencies *	0.500	0.000	0.500	0.000	0.0%
Management & Admin	2.358	2.127	0.126	0.105	90.2%
Additional Management Savings 2012/13	0.275	0.100	0.175	0.000	36.4%
Client Transport	0.000	0.000	0.000	0.000	0.0%
Total All VfM Projects	6.933	4.947	4.662	0.266	71.4%

* These savings are 'non-cashable' and will be retained by the service areas in which they occur.

Explanation of 'Uncertain' VFM Savings:

Key Variances £'000	Description	Mitigation Strategy for Uncertain Savings
ICT		
61	A potential risk has arisen in relation to Telephony provision where anticipated savings may not be as high as expected. There are a number of contracts relating to this service area that need to be realigned in order to realise full potential savings and efficiencies.	ICT are continuing to work with Procurement Category Managers to review contractual arrangements and identify a possible route for restructuring contracts.
Procurement (2011/12)		
100	There is a residual saving of £0.355m held over from 2011/12 in relation to the Procurement VFM Project. £0.108m has been identified from Social Care contracts,	Contracts and supply categories (Category Management) are continually being reviewed as and when renewals, tenders and new procurements are notified. Where there

Key Variances £'000	Description	Mitigation Strategy for Uncertain Savings
	<p>while a further £0.147m has been identified as potential savings. This leaves £0.100m yet to be identified from contracts where savings can be taken by the corporate centre.</p>	<p>is an opportunity to take a share of potential savings corporately, this will contribute to the outstanding 2011/12 savings target.</p>
Management & Administration		
105	<p>The achievement of the Management & Administration saving was underpinned by a Voluntary Severance Scheme (VSS). The outcome of the Scheme, in financial terms, indicates that approximately £1.142m was achieved in 2011/12 leaving a full-year effect saving of £2.358m to be achieved in order to achieve the full saving of £3.500m over the two years. Currently, the savings target is expected to be achieved with the exception of £0.105m which is at risk.</p>	<p>Overall, significant savings of £3.395m are expected to be delivered against the two-year target of £3.500m. This represents a good result of 97% achievement against a challenging target. The Acting Chief Executive has also set out senior management arrangements following the departure of the Chief Executive and Strategic Directors and savings will be sufficient to cover the 'additional Management & Admin' target of £0.275m. The remaining shortfall will therefore need to be mitigated by one-off risk provisions in 2012/13 and proposals for meeting shortfalls identified in 2013/14..</p>

Council Carbon Budgets for 2012/13

Emission Area	2010/11 Carbon footprint (CO ² tonnes)	2010/11 Spend (net £)	2011/12 Carbon Footprint (CO ² tonnes)	2011/12 Spend (net £)	2012/13 Carbon budget (CO ² tonnes)*
Gas					
Housing (landlord level)	3,439	£591,164	3,254	£501,137	3,124
Schools	4,534	£798,223	4,189	£713,573	4,022
Corporate	3,562	£626,420	3,380	£552,196	3,245
Electricity					
Housing (landlord level)	2,761	£586,327	2,950	£637,174	2,832
Schools	5,091	£959,141	5,324	£938,330	5,111
Corporate	8,560	£1,592,341	8,089	£1,426,612	7,765
Street Lighting ***	4,951	£745,063	5,037	£922,412	4,835
Oil					
Schools	1,245	£259,245	1,000	£250,100	960
Corporate	727	£151,993	604	£150,976	580
Vehicle Fuel	2,304	£923,853	2,251	£1,064,933	2,161
Work-related travel**	49	£84,088	51	£96,661	49
Adults Assessment	87	£144,040	91	£157,263	88
Adults Provider	231	£429,993	281	£510,357	270
Children & Families	60	£116,992	55	£113,992	52
Planning & Public Protection	29	£60,832	27	£67,499	26
City Services	12	£38,398	13	£39,543	13
Tourism & Leisure	50	£84,353	44	£95,518	42
City Infrastructure	38	£81,992	50	£125,801	48
Housing & Social Inclusion					
TOTAL	37,730	£8,274,458	36,690	£8,364,077	35,223

2012/13 carbon budgets have been revised following the release of the 2011/12 actual data.

* Based on 4% reduction on 2011/12 performance

** For 2012/13 target areas for Business Travel include Delivery Units only (excluding schools, client travel, resources, finance and commissioning units). All spend was included in the Delivery Unit breakdown this year – last year only budgets with spend over £,1000 were included, hence an increase in some areas' footprints.

*** Excludes traffic signals

NOTES

The carbon budget for 2012/13 has been set to reflect what we can feasibly collect data for and includes our baseline emission areas. Energy consumption in buildings is based on a mixture of accurate readings and estimated billing and because of this our footprint provides an indication of energy consumption only. The installation of automated meter reading (AMR) devices will improve the accuracy of our footprints.

Business travel data is problematic due to miscoding by services; this footprint is as accurate as we can currently estimate and measures have been put in place to improve the accuracy of our footprint going forward.

Vehicle fuel data has improved dramatically over the last 2 years and the Fleet Manager is making continual improvements to data collection that will improve the accuracy of the footprint going forward.

Carbon budgets will need to be reviewed following any council restructure relevant to work related travel.

Direction of Travel

Corporate Buildings

Meeting the 4% reduction target is heavily reliant upon the closure of buildings to realise carbon savings. Between 2010/11 and 2011/12 corporate emissions reduced by 6%.

Schools

Schools are unlikely to meet the 4% reduction target.

During 2012/13 there is no planned work to improve energy efficiency of school buildings, but there is investment under the planned maintenance programme.
Between 2010/11 and 2011/12 electricity consumption increased; this is likely to be down to school floor areas continually expanding as a result of increasing pupil places and demand for places; and the increased demand for interactive white boards and PC's.

Housing (landlord level only)

Housing are on track to meet the 4% reduction target for both gas and electricity due to upgrading of boilers and lighting schemes. However, between 2010/11 and 2011/12 electricity consumption appeared to increase – this is due to data collection arrangements changing rather than an actual increase in emissions.

Street Lighting

Street lighting are projected to meet the 4% reduction target due to an extensive energy efficiency programme now in place. Between 2010/11 and 2011/12 electricity consumption increased – this is due to data cleansing and improved accuracy rather than an actual increase in emissions.

Fleet

The fleet replacement programme will reduce emissions by approximately 22% by 2016/17, due to the nature of the replacement schedule it is not possible to estimate specific carbon emission savings in 2012/13.
Between 2010/11 and 2011/12 fleet fuel emissions reduced by 2.3%.

Work Related Travel

It is not possible to forecast savings from work related travel because changes in emissions mostly relate to staff choice and behaviour change.
Carbon emissions related to work related travel did however reduce significantly between 2010/11 and 2011/12.

Subject:	Strategic Risk Register Update		
Date of Meeting:	20 November 2012		
Report of:	Acting Director of Finance		
Contact Officer:	Name:	Jackie Algar	Tel: 29-1273
	Email:	Jackie.algar@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The Audit & Standards Committee has a role to monitor and form an opinion on the effectiveness of risk management and internal control.
- 1.2 A key way to discharge this role is for the Committee to review the council's Strategic Risk Register which was updated by the Strategic Leadership Team on 3 October 2012.

2. RECOMMENDATIONS:

- 2.1 That the Audit & Standards Committee notes the revised Strategic Risk Register (Appendix 1).

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The Strategic Risk Register details the current prioritised issues which may affect the achievement of the council's priorities, including in relation to its work with others across the city. It is set by the Strategic Leadership Team and reviewed every six months, usually for May and November each year.
- 3.2 This Strategic Risk Register provides evidence of a risk aware and risk managed organisation. Generally, it reflects risk scenarios that will be common to comparable local authorities in this current period of change and financial challenge for the public sector and considers how these relate specifically to the city council.
- 3.3 Strategic Risk Management Action Plans for all Strategic Risks have been updated following SLT's review. These will be reported to the Committee in Part 2 of this meeting.

4. COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 Consultation has taken place with the council's Strategic Leadership Team, the Corporate Management Team and representatives of all the political parties.
- 4.2 The Strategic Risk Register will be sent to the Public Sector Board for information which reflects the new city wide risk management approach that the PSB has approved.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The Strategic Risk Register reflects a number of risks which have potential significant financial implications for the authority either directly or indirectly. The risk owners are responsible for overseeing the effective management of the risks through the Performance & Risk Management Framework.

Finance Officer Consulted: Anne Silley

Date: 15/10/12

Legal Implications:

- 5.2 This report comes before Audit & Standards Committee in order for the Committee to discharge its function of providing independent assurance of the adequacy of the council's risk management and associated control environment.

Having reviewed the latest Strategic Risk Register, the Committee may, if it considers it appropriate, make recommendations to Full Council, Policy & Resources Committee, one or more officers or another relevant body in the council.

Lawyer Consulted:

Oliver Dixon

Date: 12/10/12

Equalities Implications:

- 5.3 There are no direct equalities implications. Equalities will be incorporated as appropriate across all Strategic Risks and Risk MAPs by the officers responsible for taking actions.

Sustainability Implications:

- 5.4 The risk management methodology includes identification and management of sustainability issues. There is a specific Strategic Risk, SR 8, which relates to Sustainability. However, Sustainability will be incorporated as appropriate across all Strategic Risks and Risk MAPs.

Crime & Disorder Implications:

- 5.5 There are no direct implications.

Risk and Opportunity Management Implications:

- 5.6 The Strategic Risk Register is evidence of risk management in operation and relates to changes to the council's operating framework.

Public Health Implications:

- 5.7 There are no direct implications. Strategic Risk, SR2, refers to close working with health for the transfer of public health functions.

Corporate / Citywide Implications:

- 5.8 There are no direct implications.

SUPPORTING DOCUMENTATION

Appendices:

1. Strategic Risk Register 2012/13 – reviewed by SLT October 2012.

Documents in Members' Rooms

None.



Background Documents

None.

Brighton & Hove City Council Strategic Risk Register 2012/2013 - reviewed by SLT October 2012

Risks are set out in order of Residual Risk Score (a combination of likelihood and impact)



See final page for information on risk scoring and terms used

Strategic Risk No.	Risk Title and Owner	Council Priority	Background and Risk Scenarios and Potential Consequences	Risk Category	Initial Likelihood (L) Score	Initial Impact (I) Score	Risk Score L x I (Dot indicates RAG rating)	Mitigating Controls and Actions currently include (but are not limited to)	Residual Likelihood (L) Score	Residual Impact (I) Score	Residual Risk Score L x I
2	Financial Outlook for the Council <i>Director of Finance</i>	ALL	<p>Background: Reductions in public services funding will continue beyond the current Comprehensive Spending Review period. There are major planned changes to local government funding which will transfer some risk to the council.</p> <p>Risk Scenario: The council will need to continue robust financial planning in a highly complex environment.</p>	Economic/ Financial	5	4	20  RED	<ul style="list-style-type: none"> ▪ Periodic and ongoing review of the adequacy of risk provisions and reserves to support the budget strategy and to ensure financial resilience; ▪ Design of two year budget process for 2013/14 and 2014/15; ▪ Update of Medium Term Financial Strategy alongside Corporate Plan refresh; ▪ Broader consultation and engagement plan for budget setting including with business sector and Community & Voluntary Sector; ▪ Close working with health for transfer of public health functions and Health & Well Being Board established. 	4	4	16  RED ↕

Brighton & Hove City Council Strategic Risk Register 2012/2013 - reviewed by SLT October 2012

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Strategic Risk No.	Risk Title and Owner	Council Priority	Background and Risk Scenario and Potential Consequences	Risk Category	Initial Likelihood (L) Score	Initial Impact (I) Score	Risk Score L x I (Dot indicates RAG rating)	Mitigating Controls and Actions currently include (but are not limited to)	Residual Likelihood (L) Score	Residual Impact (I) Score	Residual Risk Score L x I
11	Welfare Reform <i>Chief Executive</i>	ALL	<p>Background: The government is implementing widespread welfare reforms. Council tax support impacts directly on the council and the reforms will impact on the city as a whole. Introduction of the Universal Credit initiative and changes to housing benefits are expected to have a wide-ranging impact on the council and the city.</p> <p>Risk Scenario: The proposed changes are complex to understand and plan for and have significant implications for the resources available to the council and how it organises itself to meet the impact of welfare reform on citizens eg: * vulnerable households, individuals and families; * increased likelihood of people being unable to pay their housing costs (mortgage or rent); * increase in use of "spot purchase" Bed and Breakfast accommodation.</p>	Economic/ Financial	4	4	16  RED	<ul style="list-style-type: none"> ▪ Council Tax Support Project Board; ▪ Wider Welfare Reform network group established comprising key partners across the city and reporting to the Public Service Board; ▪ Programme management approach to Welfare Reforms; ▪ Widespread consultation & engagement of Local Council Tax Support Scheme Robust Equalities Impact Assessment undertaken on the Council Tax support scheme including consideration of cumulative impact of wider Welfare Reform; ▪ Corporate Critical Budget for homelessness. 	4	4	16  RED ↕

Brighton & Hove City Council Strategic Risk Register 2012/2013 - reviewed by SLT October 2012

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10	Information Governance Management Senior Information Risk Officer And Director of Finance	ALL	<p>Background: The council must operate to a high standard of information governance within the overall context of openness and transparency.</p> <p>Risk Scenario: The council recognises that if it fails to manage data effectively then : * Individuals may suffer loss or damage; * The council may suffer loss of reputation, financial penalties and/or other enforcement penalties; * It may result in a loss of trust in the council by citizens and partners and sub-optimal decision making.</p>	Customer/ Citizen	5	4	20  RED	<p>An action plan which will deliver the improvements identified by the Information Commissioner's Office is in place and ongoing. The plan includes:</p> <ol style="list-style-type: none"> 1) Redevelopment of staff training and awareness programme; 2) Complete overhaul and consolidation of all policy and guidance in relation to Information Management and Information security; 3) Security review. An action plan is being produced and project developed to deliver the recommendations; 4) Records management – Undertake a council wide information audit, develop information asset register and implement retention schedule and document standards. <ul style="list-style-type: none"> ▪ Open Government Licence implemented to support open government agenda; ▪ Freedom of Information requests – streamlined process introduced. 	4	4	16  RED 

Brighton & Hove City Council Strategic Risk Register 2012/2013 - reviewed by SLT October 2012
Risks are set out in order of Residual Risk Score (a combination of likelihood and impact)
See final page for information on risk scoring and terms used

Strategic Risk No.	Risk Title and Owner	Council Priority	Background and Risk Scenario and Potential Consequences	Risk Category	Initial Likelihood (L) Score	Initial Impact (I) Score	Risk Score L x I (Dot indicates RAG rating)	Mitigating Controls and Actions currently include (but are not limited to)	Residual Likelihood (L) Score	Residual Impact (I) Score	Residual Risk Score L x I
9	Safeguarding vulnerable members of our community <i>Director of Adult Social Services and Director of Children's Services</i>	Tackling Inequality	<p>Background: Safeguarding of Adults and Children require different responses, however the council is the lead agency with lead responsibility for both. Key issues are: * There are 1800 children in the city for whom the council has a clear legal responsibility and numbers of referrals continue to increase and are unpredictable. This is further complicated by the Government announcement about changes to children with Special Educational Needs. * As welfare reforms "bite" there is a risk that more families will become vulnerable * Services are seeing more complex cases in council care, especially in relation to mental health and older people with complex need.</p> <p>Risk Scenario: These changes will affect the council's ability to respond in a timely manner to safeguard the needs of the most vulnerable. Any change in the approach of risk management has the potential to impact on the council's resources and budget but despite changes, provision of services to support safeguarding of adults and children remain in place.</p>	Customer/ citizen	4	5	20 RED	<p>* Services to support the most vulnerable remain in place including work on our most complex families including through the Stronger Families, Stronger Communities initiative; * Programmes to reduce risk, eg alcohol, drugs and alcohol; * Working with partners and others across children and adults services to improve understanding of threshold referrals so that risks can be better held in the community; * Commissioners working with the Governance Board to ensure appropriate levels of training and support for staff delivering services with the council and council commissioned services * Looked After Children (LAC) a clear corporate priority and overseen by the Corporate Parenting sub-committee of Policy and Resources Committee.</p>	3	5	15 RED ↕

Brighton & Hove City Council Strategic Risk Register 2012/2013 - reviewed by SLT October 2012

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Strategic Risk No.	Risk Title and Owner	Council Priority	Background and Risk Scenario and Potential Consequences	Risk Category	Initial Likelihood (L) Score	Initial Impact (I) Score	Risk Score L x I (Dot indicates RAG rating)	Mitigating Controls and Actions currently include (but are not limited to)	Residual Likelihood (L) Score	Residual Impact (I) Score	Residual Risk Score L x I
3	<p>Pace and Volume of public sector change</p> <p>Chief Executive</p>	ALL	<p>Background: All public services are affected by national reductions in spending and the wider reform agenda.</p> <p>Risk scenario: Financial constraints and significant reform affecting partner organisations, e.g. NHS and those engaged in Public Health and Wellbeing, may lead organisations to reframe their budgets and ways of working and therefore affect their ability to deliver plans as envisaged.</p> <p>Enhanced communication and joined up planning will be needed to ensure that the impacts on the city are well managed and there is clear agreement on the role of each organisation and its responsibilities.</p>	Customer/citizen	5	4	<p>Risk Score L x I</p> <p>(Dot indicates RAG rating)</p> <p>20</p> <p>RED</p>	<ul style="list-style-type: none"> Strong and developing understanding of need in the city; Joint Strategic Need Assessment; State of the City report; City Intelligence Network managed by the Public Service Board (PSB); City Needs Assessment process agreed; Brighton & Hove Local Information Service. The PSB continues its work on joint commissioning; Needs analysis which includes review of government reforms and their impacts; Community Engagement; Joint Commissioning Pilots; Better joint resourcing. City Commissioning Plan approved with a programme of targeted prioritised projects to enable and oversee partnership work, recognising challenges including financial constraints 	5	3	<p>15</p> <p>RED</p> <p>↕</p>

Brighton & Hove City Council Strategic Risk Register 2012/2013 - reviewed by SLT October 2012

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Strategic Risk No.	Risk Title and Owner	Council Priority	Background and Risk Scenario and Potential Consequences	Risk Category	Initial Likelihood (L) Score	Initial Impact (I) Score	Risk Score L x I (Dot indicates RA G rating)	Mitigating Controls and Actions currently include (but are not limited to)	Residual Likelihood (L) Score	Residual Impact (I) Score	Residual Risk Score L x I
1	Readiness for opportunities and impacts of localism <i>Interim Lead for Chief Executive Services</i>	Engaging People Who Live & Work in the City	<p>Background and Potential Consequences A potential or actual risk or opportunity which needs to be managed in order to better achieve the Council's objectives (including contribution to the Sustainable Community Strategy)</p> <p>Background: The broad remit of the localism agenda provides opportunities for all councils to deliver public services in new ways with greater involvement of communities in local issues. The council's approach to the implementation of neighbourhood governance should prepare:</p> <ul style="list-style-type: none"> For expressions of interest by local groups under the Community Right to Challenge and the Community Right to Bid; For influencing the development of Neighbourhood Planning; To build upon the experience of the two Neighbourhood Pilot areas; For indirect costs arising, e.g. administration and compensation costs. <p>Risk scenario: The localism agenda is a fluid and complex issue and the council will need to continue consultation and develop the approach to best fit the needs of the city and specific neighbourhoods.</p>	Professional/ Managerial/ Partnerships	4	4	16  RED	<ul style="list-style-type: none"> Community Engagement Strategy in place and managed by the City Engagement Partnership; Council processes being developed to prepare to respond effectively; Neighbourhood Governance working group oversees development of new opportunities and changes; Lead Officers communicate relevant potential impacts on services across the council as a result of Localism implementation; Localism Agenda is registered as a key priority for the council, with active Member involvement including by the Council Leader; Public Services Board informed of potential city impacts of the Localism Act. 	3	4	12  AMBER ↕

Brighton & Hove City Council Strategic Risk Register 2012/2013 - reviewed by SLT October 2012

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Strategic Risk No.	Risk Title and Owner	Council Priority	Background and Risk Scenario and Potential Consequences	Risk Category	Initial Likelihood (L) Score	Initial Impact (I) Score	Risk Score L x I (Dot indicates RAG rating)	Mitigating Controls and Actions currently include (but are not limited to)	Residual Likelihood (L) Score	Residual Impact (I) Score	Residual Risk Score L x I
4	Economic Resilience and Sustainable Economic Growth Strategic Director, Place	Creating a more Sustainable City	<p>Background: The council has a significant role to champion the city economy to attract inward investment. It can use its own land and property portfolio to contribute to this alongside a range of policy levers, e.g. housing, planning, economic development, leisure, tourism and public investment powers.</p> <p>Risk scenario: If the council does not do this effectively there is a risk the city's economy falters in the wake of difficulties in the national and international economy. If this happens, business and community aspirations would not be met and the reputation of the city and city council would suffer if local businesses are not sustained and new investments if not attracted to the city.</p>	Economic/ Financial	4	4	16 RED		3	4	12 AMBER



Brighton & Hove City Council Strategic Risk Register 2012/2013 - reviewed by SLT October 2012

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Strategic Risk No.	Risk Title and Owner	Council Priority	Background and Risk Scenario and Potential Consequences	Risk Category	Initial Likelihood (L) Score	Initial Impact (I) Score	Risk Score L x I (Dot indicates RAG rating)	Mitigating Controls and Actions currently include (but are not limited to)	Residual Likelihood (L) Score	Residual Impact (I) Score	Residual Risk Score L x I
5	City wide employability Strategic Director, Place	Creating a more Sustainable City	<p>Background: The Council has a role in supporting education and training providers in strengthening the labour force offer to employers & in addressing the legitimate employment aspirations of local communities.</p> <p>Risk Scenario: Failure to do this effectively could impact on the performance of the city's economy and employment resilience. There would be social and economic costs for individuals and overall costs to the public purse.</p>	Physical	4	4	16 RED	<ul style="list-style-type: none"> Continual work via PSB and LSP and the Learning & Education Partnership with education, training & employment agencies: <ul style="list-style-type: none"> Promote the city as a business location; Support the analysis of employer skills needs information; Inform the business planning of education training & employment opportunities; Co-ordinate public sector policy & interventions which optimise opportunities particularly for dis-advantaged people; Council support for City College in setting up a skills shop in Queens Road for an Apprenticeship Training Association (opened in April 2012); Council funds the Youth Employability Service (YES) to specifically support young people 16-18 who are Not in Education, Employment or Training; Council has supported bids for employment initiatives, e.g. apprenticeships, green jobs and training. 	3	4	12 AMBER

Brighton & Hove City Council Strategic Risk Register 2012/2013 - reviewed by SLT October 2012
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Strategic Risk No.	Risk Title and Owner	Council Priority	Background and Risk Scenario and Potential Consequences	Risk Category	Initial Likelihood (L) Score	Initial Impact (I) Score	Risk Score L x I (Dot indicates RAG rating)	Mitigating Controls and Actions currently include (but are not limited to)	Residual Likelihood (L) Score	Residual Impact (I) Score	Residual Risk Score L x I
8	Becoming a more sustainable city Strategic Director, Place	Creating a more Sustainable City	<p>Background: The council has an important civic leadership role in working with others to prepare the city for the current changing pattern of severe weather events and other longer-term impacts of climate change locally. This includes: * managing costs of operating buildings and facilities (e.g. fuel/energy/waste disposal); * reducing the environmental impact of its activities; * planning for the impact of increasingly scarce resources such as water and land.</p> <p>Risk Scenario: If the council fails to take effective action, it may affect: * ability to attract inward investment and environmental industries to the city; * residents and businesses, if partners fail to plan for severe weather events, e.g. maintain essential routes and services to support vulnerable people; * the city's longer term future climate change adaptation and increased resilience to increased costs of food, energy, materials; * performance against stated targets and compliance with environmental legislation; * ability to demonstrate the city's sustainability credentials in comparison with other similar cities.</p>	Environmental/ Sustainability	3	4	12  AMBER	<ul style="list-style-type: none"> Landfill reductions as a result of Energy Recovery Facility at Newhaven; Action plan to set out progress on all targets the council has to meet and quantify impact; The Economic Strategy will explore the opportunity to reduce carbon emissions through future investment and Strategic Commissions 2012/13 and 2013/14; Council support for the City Food Strategy and commitment to take on board findings in relation to the City Council's operations; Carbon Management Programme Board in place to oversee internal carbon reduction; Climate Change Strategy led by Climate Champions. 	3	3	9  AMBER ↕

Brighton & Hove City Council Strategic Risk Register 2012/2013 - reviewed by SLT October 2012
Risks are set out in order of Residual Risk Score (a combination of likelihood and impact)
See final page for information on risk scoring and terms used

Risk Scoring

The City Council uses this risk matrix to “score”, i.e. assess the likelihood and impact of the risk scenario occurring and its potential consequences if it did, and how it would affect achievement of the council’s objectives.

LIKELIHOOD	MOST LIKELY IMPACT				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	5	10	15	20	25
Likely (4)	4	8	12	16	20
Possible (3)	3	6	9	12	15
Unlikely (2)	2	4	6	8	10
Almost Impossible (1)	1	2	3	4	5

Terms Used

- Strategic Risk Register – a document which details the current prioritised issues which affect the achievement of the Council’s objectives, including in relation to its work with others across the city to address city priorities;
- Strategic Risk No. – a unique number allocated to each strategic risk. As these risks are managed, these unique risks may be removed from the Strategic Risk Register and in that case, a gap in sequential numbering will arise;
- Risk Scenario – a potential or actual risk or opportunity which needs to be managed in order to better achieve the council’s objectives;
- Potential Consequences – those which may arise if the risk scenario occurs;
- Initial Likelihood/Impact Scores – the initial score for the risk scenario before the current Mitigating Controls and Actions are considered;
- RAG rating – a way to colour code risks to prioritise them. “RAG” derives from the initials of Red, Amber, Green although for risk management it is common to have the extra colour of Yellow;
- Mitigating Controls and Actions – these are already in place and operating to reduce/mitigate the likelihood and/or impact of the risk scenario and potential consequences;
- Residual Likelihood/Impact Scores – assessed after taking into account the Mitigating Controls & Actions to provide a more “realistic” prioritisation of risks compared against each other;
- Risk Category – there is a standard list of risk categories which are designed to ensure a “rounded” consideration of risks from a number of different perspectives. By recording the Risk Category, it enables analysis across the risks contained in a risk register.

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