

Adult Social Care & Housing

| Forecast Variance Month 9 £'000 | Division | 2008/09 Budget Month 12 £'000 | Forecast Outturn Month 12 £'000 | Forecast Variance Month 12 £'000 | Forecast Variance Month 12 % |
|--|-------------------|--|--|---|---------------------------------------|
| - | Housing Strategy | 4,779 | 4,779 | - | 0.0% |
| 540 | Adult Social Care | 37,827 | 38,319 | 492 | 1.3% |
| 540 | Total | 42,606 | 43,098 | 492 | 1.2% |

Explanation of Key Variances

Adult Social Care has been under pressure throughout the year but the outturn shows a reduced overspend of £0.492 million, or just over 1%, representing an improvement of £0.048 million on the month 9 position. The main pressure has been on the demand-led corporate critical community care budget which is forecasting an overspend of £0.793 million, an improvement of £0.078 million in the last quarter. Further significant demand increases are being managed across Older People and Physical Disability Services.

The Older People Services outturn is an overspend of £0.005 million, the improved position being due to a reduction in client numbers at the end of the year.

The Physical Disability Services overspend is £0.788 million, a slight increase since month 9. Estimating demand for community care services is difficult as there are often peaks and troughs in demand. In addition, the budget process requires that demand is usually estimated around October of the previous year and commissioners will therefore base estimates on a combination of activity at that time together with an analysis of the medium term trend. If demand changes significantly during the period October to March or if planned recovery action or other measures to contain demand are not achieved in full, this can therefore mean that the budget for the following year becomes out of step with activity (demand). This situation occurred in 2007/08 where high levels of growth in demand for Physical Disabilities services meant that the budget was insufficient to cover the number of clients receiving services. A recovery plan was put in place in 2007/08 to reduce costs and contain demand. This was taken into account in assessing levels of demand for setting the 2008/09 budget. In the event, there was a shortfall in the recovery plan in 2007/08, although the budget was balanced by other measures, and there has been further unexpected growth in 2008/09 on both service areas. These two factors have resulted in the budget pressures experienced during 2008/09.

The overspend on the corporate critical budgets is partly offset by £0.200 million of grant funding being utilised for Older People Mainstream Services. A saving was also achieved on Service Strategy & Regulation, due in the main to a reduction in the forecast spend on jointly funded staff.

The provisional outturn includes a carry forward of £0.100 million in respect of the Carers Grant. Although held by Adult Social Care & Housing, this grant funds support to both adult and children's carers and support organisations. The carry forward is required in respect of children's services to meet contractual and other commitments in 2009/10 to ensure continued support for befriending services and the Aiming High programme for disabled children. In accordance with Financial Regulations, the carry forward requires Cabinet approval on the recommendation of the Director of Finance & Resources.

Children & Young People's Trust

| Forecast Variance Month 9 £'000 | Division | 2008/09 Budget Month 12 £'000 | Forecast Outturn Month 12 £'000 | Forecast Variance Month 12 £'000 | Forecast Variance Month 12 % |
|--|---------------------------------------|--|--|---|---------------------------------------|
| 371 | East, Early Years & NHS Comm Servs | 11,525 | 11,756 | 231 | 2.0% |
| 306 | Central Area & School Support | (7,063) | (6,501) | 562 | 8.0% |
| (97) | Learning & Schools | 5,854 | 5,892 | 38 | 0.7% |
| (342) | West Area & Youth Support | 8,778 | 8,541 | (237) | -2.7% |
| (1,452) | Specialist Services | 30,252 | 28,471 | (1,781) | -5.9% |
| (32) | Quality & Performance | 1,156 | 1,035 | (121) | -10.5% |
| (1,246) | Total | 50,502 | 49,194 | (1,308) | -2.6% |

Explanation of Key Variances

The corporate critical budget of Child Agency Placements and In House Placements underspent by £1.182 million, an improvement of £0.210 million since month 9. A key reason for the improvement has been a slight fall in the number of residential placements. These relate to underspends on Residential Agency placements¹ of £0.853 million and In-house placements² of £0.456 million. Historically this has been a challenging area to manage and remains so, particularly in light of the heightened national and local focus on Children's Services. Although the figures reflect reductions in numbers and costs, current increased activity levels indicate there will be challenges to maintain this throughout 2009/10.

Other variances within the directorate included underspends on Area Social Care Teams of £0.336 million due to some recruitment issues, currently being addressed through the Social Work Recruitment and Retention Programme, and £0.174 million on legal fees. The main overspend relates to preventative payments to homeless families of £0.212 million which continues to be under pressure. There were also additional costs of £0.196 million relating to council's project costs for the Falmer Academy development, which was planned expenditure against projected underspends.

The provisional outturn includes two carry forward amounts totalling £0.078 million. The first is for School Development (£0.037 million), which relates to the need to cover staffing costs of a direct service to individual vulnerable (autistic) children. This is funded from the Standards Fund, which straddles financial years. The second is for Learning & Schools (£0.041 million) where work is being undertaken with the school advisory teams and the CYPT Quality and Performance Team on developing a new system to record school improvement work and data about schools across the city. This work will now stretch into 2009/10. In accordance with Financial Regulations, these carry forwards require Cabinet approval on the recommendation of the Director of Finance & Resources.

¹ Forecast FTE placements of 33 which is 8 less than budgeted for but with a weekly unit cost £102 above budget

² Forecast FTE placements 6 below the budgeted level and with a weekly unit cost that is £20 below budget

Finance & Resources

| Forecast Variance Month 9 £'000 | Division | 2008/09 Budget Month 12 £'000 | Forecast Outturn Month 12 £'000 | Forecast Variance Month 12 £'000 | Forecast Variance Month 12 % |
|--|-------------------|--|--|---|---------------------------------------|
| (209) | Finance | 5,999 | 5,712 | (287) | -4.8% |
| - | ICT | 5,330 | 4,969 | (361) | -6.8% |
| 107 | Customer Services | 3,287 | 3,331 | 44 | 1.3% |
| 25 | Property & Design | 1,712 | 1,877 | 165 | 9.6% |
| (77) | Total | 16,328 | 15,889 | (439) | -2.7% |

Explanation of Key Variances

The Finance underspend of £0.287 million, which includes Strategic Finance & Procurement and Internal Audit, is due to vacancy management savings caused by higher than normal staff turnover together with savings on External Audit fees payable to the Audit Commission.

ICT underspent by £0.361 million. A number of posts within the service were vacant in the later part of the financial year, where recruitment has proved difficult. This created a saving against the employees budget and also meant that some non-critical project work was delayed creating further savings.

The Customer Services variance is made up of the following elements as follows:

- The corporate critical housing benefits budget achieved an underspend of £0.610 million due to the number of local authority errors being contained below the government's lower threshold, which attracts additional subsidy on top of any overpayment recovery for non council housing rent rebates.
- The Land Charges income budget is also a corporate critical budget and experienced a £0.559 million shortfall. The continued downturn in the housing market has dramatically reduced the overall number of searches undertaken and there is also a continuing increase in the proportion of personal searches being undertaken for which the council receives a much lower fee.
- The HM Coroner's Service overspent by £0.072 million due to a higher proportion of notifiable deaths in the City requiring inquests.

The outturn position for Property & Design is an overspend of £0.165 million; the increased variance is partly attributable to the costs of higher than usual turnover of lettings (and therefore "voids") due to economic conditions in the final quarter together with additional cleaning costs within corporate buildings.

A carry forward of £0.100 million has been included in the provisional outturn in respect of taking forward the value for money programme. This funding is proposed to be added to the Value for Money Initiative Fund as the projects are now being integrated into a coherent second stage value for money programme. In accordance with Financial Regulations, the carry forward requires Cabinet approval on the recommendation of the Director of Finance & Resources.

Strategy & Governance

| Forecast Variance Month 9 £'000 | Division | 2008/09 Budget Month 12 £'000 | Forecast Outturn Month 12 £'000 | Forecast Variance Month 12 £'000 | Forecast Variance Month 12 % |
|--|-----------------------------|--|--|---|---------------------------------------|
| - | Improvement & Organ Devel | 1,704 | 1,655 | (49) | -2.9% |
| - | Legal & Democratic Services | 3,127 | 3,231 | 104 | 3.3% |
| - | Policy Unit | 830 | 1,080 | 250 | 30.1% |
| (8) | Human Resources | 4,590 | 4,406 | (184) | -4.0% |
| (2) | Executive Office | 395 | 405 | 10 | 2.5% |
| (2) | Communications | 603 | 573 | (30) | -5.0% |
| (12) | Total | 11,249 | 11,350 | 101 | 0.9% |

Explanation of Key Variances

Significant changes in staffing were required to service the new constitutional arrangements, which the directorate planned to deliver by efficiency savings and generating income. The exceptional one off costs of recruitment, consultant costs and shortfalls on income which had not been fully anticipated led to the overspend of £0.101 million. Vacancy management and income through fees and charges offset other staffing pressures across the directorate.

The Directorate's 2009/10 budget (cash limit) was increased by £0.150 million in recognition of the full year effect of the constitutional changes. This should ensure that any other in-year pressures that arise can be more effectively managed through vacancy management and/or the use of grants and external funding.

Environment

| Forecast Variance Month 9 £'000 | Division | 2008/09 Budget Month 12 £'000 | Forecast Outturn Month 12 £'000 | Forecast Variance Month 12 £'000 | Forecast Variance Month 12 % |
|--|-----------------------|--|--|---|---------------------------------------|
| (200) | City Services | 26,207 | 26,174 | (33) | -0.1% |
| 139 | Sport & Leisure | 1,676 | 1,761 | 85 | 5.1% |
| 184 | Sustainable Transport | (446) | (59) | 387 | 86.8% |
| (112) | Public Safety | 5,720 | 5,629 | (91) | -1.6% |
| 205 | City Planning | 2,055 | 2,316 | 261 | 12.7% |
| 216 | Total | 35,212 | 35,821 | 609 | 1.7% |

Explanation of Key Variances

City Services is £0.033 million under budget due to a reduction in vehicle costs and a part year saving on the Park Ranger posts. The saving has reduced during the last quarter due to additional temporary staffing costs following the recent major service changes in CityClean and additional costs arising from service disruption due to the adverse weather in February.

Sport & Leisure has an adverse variance due to continued difficulties in achieving income targets on Golf Courses and King Alfred resulting from a downturn in usage due to economic and other factors. There have also been utility and energy cost pressures at the King Alfred Leisure Centre. Expenditure constraints and a slight upturn in income receipts led to an improved position compared to month 9.

The total forecast for Sustainable Transport is an overspend of £0.387 million, a deterioration of £0.203 million since month 9. The key change has been a shortfall in income from the five former NCP car parks during the last quarter of the year. The overall variance can be analysed as follows:

- Penalty charge income came in very close to budget with a slight shortfall of £0.014 million.
- Income from all on-street and off-street parking and permit income came in under target by £0.294 million. On-street and permit income achieved break-even but a shortfall was experienced due to a downturn in patronage in the last quarter at the 5 former NCP car parks. This position will need to be closely monitored during 2009/10.
- Other expenditure exceeded budget by £0.079 million. The main pressure being energy costs from street lighting and traffic signals.

The Public Safety underspend is due to vacancy management savings, underspends on Civil Contingencies and additional licence fee income.

The City Planning overspend is in the main due to the loss of Housing and Planning Delivery Grant as a consequence of a delay in the Core Strategy to accommodate further work on the Shoreham Harbour Regeneration Project. Measures were taken to contain the pressure of £0.250 million. Other pressures included additional temporary staff in Development Control and the cost of a number of significant planning appeals.

Cultural Services

| Forecast Variance Month 9 £'000 | Division | 2008/09 Budget Month 12 £'000 | Forecast Outturn Month 12 £'000 | Forecast Variance Month 12 £'000 | Forecast Variance Month 12 % |
|--|----------------------------|--|--|---|---------------------------------------|
| 7 | City Marketing | 1,834 | 1,863 | 29 | 1.6% |
| 41 | Libraries | 3,669 | 3,715 | 46 | 1.3% |
| 146 | Museums | 2,192 | 2,324 | 132 | 6.0% |
| - | Arts & Creative Industries | 1,616 | 1,629 | 13 | 0.8% |
| (37) | Economic Devlpmnt & Regen | 3,479 | 3,462 | (17) | -0.5% |
| - | Major Projects & Venues | 179 | 182 | 3 | 1.7% |
| 157 | Total | 12,969 | 13,175 | 206 | 1.6% |

Explanation of Key Variances

Pressures from rising energy costs across the directorate accounted for £0.101 million of the overall overspend, the remainder being largely due to income shortfalls in the Museums Service although this improved slightly during the final quarter.

The implementation of the Value for Money review recommendations relating to income has resulted in actions and investment to maximise income generation opportunities including a new ticketing system for the Royal Pavilion. However, uncertainty over the impact of the economic downturn on the economy and in particular on visitor numbers may have an impact on the challenging income targets set for 2009/10 and beyond. For this reason, there will also be a greater focus on segmented rather than bottom-line monitoring of income against specific targets and detailed monitoring of visitor numbers and trading activity.

Whilst energy costs remain a key issue £0.060 million has been allocated to help offset the estimated pressure of £0.150 million in 2009/10.

Other measures are in place across the directorate, including vacancy management and reviewing the cost base of services, to mitigate the effects of external factors and/or cost pressures.

Centrally Managed Budgets

| Forecast Variance | Division | 2008/09 Budget Month 12 £'000 | Forecast Outturn Month 12 £'000 | Forecast Variance Month 12 £'000 | Forecast Variance Month 12 % |
|----------------------|-------------------------|--|--|---|---------------------------------------|
| (350) | Bulk Insurance Premia | 3,158 | 2,809 | (349) | -11.1% |
| (1,933) | Concessionary Fares | 9,158 | 5,757 | (3,401) | -37.1% |
| (900) | Capital Financing Costs | (841) | (2,260) | (1,419) | 168.7% |
| - | Levies & Precepts | 192 | 192 | - | 0.0% |
| (220) | Other Corporate Items | (2,813) | (2,862) | (49) | 1.7% |
| (3,403) | Total | 8,854 | 3,636 | (5,218) | -58.9% |

Explanation of Key Variances

The bulk insurance premia underspend is due in the main to a saving on the renewal of the insurance contract. There have also been fewer insurance claim payments made than anticipated during the summer.

On Concessionary Fares, the original budget for 2008/09 was set at a time when the assessment of the risks of a successful legal challenge was relatively high and the impact of the national free travel scheme introduced on 1 April 2008 was very hard to predict with accuracy. With 9 months data now received, spending is projected to be £3.4 million below the original budget and £1.5 million below the forecast at month 9.

The main reasons for the underspend are:

- The risk of successful legal challenge by the bus operators has substantially diminished and the provision for a higher reimbursement rate was not considered necessary from August 2008 onwards.
- The forecast impact of the introduction of the national free scheme has not been as significant as originally anticipated.
- Poor weather throughout most of the year has kept the number of concessionary journeys below original forecasts.

Although spending in 2008/09 is projected to be well below budget, local council taxpayers have still had to meet an estimated £1.855 million shortfall in government funding following the introduction of the free fare scheme in April 2006 and the free national scheme in April 2008.

The concessionary fares budget for 2009/10 approved at Council in February 2009 took into account a reduction in the reimbursement rate and revised number of journeys, however since February the Council has set up the new concessionary fares scheme for Brighton & Hove only and expenditure estimates have been revised. These revised budget estimates for 2009/10 will mean a further £0.750 million can be released from this budget on a recurrent basis to corporate contingency. An allocation from these resources is included elsewhere in this report.

The "Other Corporate Items" underspend has reduced due to an additional contribution to the Sundry Debts bad debt provision of £0.150 million. This is not directly related to debt recovery performance but is an accounting provision related to an increase in the overall value of debts raised by the authority during the year.

Section 75 Partnerships

| Forecast Variance Month 9 £'000 | Division | 2008/09 Budget Month 12 £'000 | Forecast Outturn Month 12 £'000 | Forecast Variance Month 12 £'000 | Forecast Variance Month 12 % |
|--|-----------------------------|--|--|---|---------------------------------------|
| 247 | Council managed S75 Servs | 22,761 | 22,780 | 19 | 0.1% |
| 486 | NHS Trust managed S75 Servs | 14,291 | 14,296 | 5 | 0.0% |
| 733 | Total S75 | 37,052 | 37,076 | 24 | 0.1% |

Explanation of Key Variances

Council managed S75 services (Learning Disability Services) overspent by £0.019 million, which is a significantly improved position compared with the month 9 forecast. This is due in the main to the finalising of funding allocations from the Primary Care Trust for outstanding Continuing Health Care cases.

NHS Trust managed S75 services achieved an overspend of £0.005 million, which is explained below:

- Sussex Partnership Trust (SPT) – Mental Health & Substance Misuse overspent by £0.507 million with the main pressures being on Adult Mental Health due to increased demand and high cost placements within Nursing Care. This overspend is offset by an underspend on Older Peoples Mental Health services of £0.176 million which has experienced lower than anticipated demand throughout the year. The outturn position also reflects a contribution of £0.300 million from Sussex Partnership Trust in accordance with risk sharing arrangements agreed with the Trust and the Primary Care Trust.
- South Downs Health Trust – This service achieved a break-even position for the year. The final overspend on Integrated Community Equipment Store (ICES) was £0.020 million, which was offset by savings made within the integrated Intermediate Care service.

Housing Revenue Account (HRA)

| Forecast Variance Month 9 | | 2008/09 Budget Month 12 | Forecast Outturn Month 12 | Forecast Variance Month 12 | Forecast Variance Month 12 |
|---------------------------------|---------------------------------|----------------------------------|------------------------------------|-------------------------------------|-------------------------------------|
| £'000 | Housing Revenue Account | £'000 | £'000 | £'000 | % |
| (383) | Employees | 9,043 | 8,499 | (544) | -6.0% |
| 18 | Premises – Repair | 11,897 | 11,895 | (2) | 0.0% |
| 29 | Premises – Other | 2,923 | 3,165 | 242 | 8.3% |
| (69) | Transport & Supplies | 2,160 | 1,929 | (231) | -10.7% |
| 20 | Support Services | 2,300 | 2,267 | (33) | -1.4% |
| 80 | Revenue contribution to capital | 2,242 | 2,338 | 96 | 4.3% |
| (33) | Capital Financing Costs | 4,941 | 4,897 | (44) | -0.9% |
| 53 | Subsidy Payable | 11,494 | 11,539 | 45 | 0.4% |
| (285) | Net Expenditure | 47,000 | 46,529 | (471) | -1.0% |
| (83) | Dwelling Rents (net) | (40,479) | (40,541) | (62) | -0.2% |
| (2) | Other rent | (1,209) | (1,203) | 6 | 0.5% |
| (100) | Service Charges | (3,428) | (3,485) | (57) | -1.7% |
| 3 | Supporting People | (550) | (566) | (16) | -2.9% |
| 94 | Other recharges & interest | (1,085) | (929) | 156 | 14.4% |
| (88) | Net Income | (46,751) | (46,724) | 27 | 0.1% |
| (373) | Total | 249 | (195) | (444) | |

Explanation of Key Variances

The main variances are:

- An underspend on Salary costs of £0.544 million arising from vacancy management pending reviews to be implemented as part of the Housing Management Improvement Programme, including a £0.060 million provision for the implementation of single status.
- The premises repairs budget outturn is an underspend of £0.002m which is a reduction in the forecast of £0.020 million since month 9. Although the Repairs outturn variance is not significant, the following variances are included within the forecast:
 - There is an underspend of £0.210 million on the responsive repairs budget (3.75% of total £5.6 million budget), which was an improvement of £0.310 million compared to forecasts at month 9. The close management of larger responsive repairs and the collaborative work with partners to improve the diagnosis of repairs and performance on job completion times has delivered savings against this budget.
 - The empty property repair budget overspend is £0.332 million, an increase of £0.082 million since month 9. The overspend is due to an increase in the average cost of repair per property from £2,300 to £2,600 compared to last year. These works have been operating through the open book process since December 2008 with a move to a more transparent cost model for empty properties. This will enable officers to work with partners to use this information to achieve unit cost reductions in 2009/10.
 - An underspend on service contracts of £0.230 million due to the continuation of existing contracts which have a lower specification than the

- new proposed contracts, the costs of which have been budgeted for and will be let in 2009/10.
- Repairs and Maintenance expenditure on Temporary Accommodation properties exceeded the annual budget by £0.065 million.
 - The “Premises Other” outturn is an overspend of £0.242 million, which is an increase of £0.213 million since month 9. The overspend is partly due to a provision being made in relation to outstanding gas bills at Leach Court. Officers have been investigating previous years’ low heating charges, which has resulted in the utility provider issuing correct billing going back to 2004/05. This will not affect charges to tenants, as an allowance for incorrect invoicing had been made when calculating their charges. Expenditure for electricity has overspent by £0.068 million compared to budget forecasts.
 - The underspend reported under Transport & Supplies is due mainly to a reduction in the contribution to the bad debt provision of £0.122 million resulting from a reduction in the level of tenants arrears at the end of the financial year. Also, a reduction in the use of consultants in respect of inspections to gas installation works has resulted in an underspend of £0.094 million.
 - The Revenue Contribution to Capital was increased by £0.096 million to finance increased expenditure in the capital programme.
 - Rental income for dwellings overachieved against the budget by £0.063 million due to lower than anticipated Right to Buy sales during the year.
 - The income budget for service charges overachieved by £0.057 million in respect of leaseholder service charges, due to costs for recharging being greater than anticipated at budget setting.
 - The Other Recharges & Interest forecast income has reduced by £0.062 million to £0.156 million under-achievement. This is partly due to a reduction of staff time chargeable to capital schemes as a result of less works being capitalised i.e. now being carried out as revenue expenditure, together with the re-profiling of some of the capital budget into 2009/10. The forecast under achievement of income also includes £0.056 million reduction of fees reclaimed from RTB sales income, this is offset by reduced expenditure under the supplies heading.