

Adult Social Care & Housing

Forecast Variance Month 4 £'000	Division	2009/10 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
-	Housing Strategy	4,746	4,873	127	2.7%
811	Adult Social Care	38,267	38,811	544	1.4%
811	Total	43,013	43,684	671	1.6%

Explanation of Key Variances

There are significant in-year pressures being experienced in Adult Social Care, in particular growth in home care and residential care for people with physical disabilities. These pressures were identified early in the year and financial recovery measures of £0.700 million have been delivered to date to reduce the current forecast overspend to £0.671 million. Further demand management strategies and other recovery measures continue to be developed as detailed below.

The overspend in housing strategy is attributable to the management costs associated with placing CYPT service users in temporary accommodation.

The forecast overspend on Adult Social Care has reduced further by £0.267 million since TBM 4 as a result of a revised prediction of growth in physical disabilities (from 26% to 19%) following a review of homecare commitments.

Strategies and associated management actions are in place to work towards substantially offsetting pressures and reducing the potential overspend. Actions include:

- Ensuring appropriate funding streams are used to meet the costs of complex need cases such that Disabled Living Allowance /Independent Living Fund are maximised.
- Ensuring effective use of resources through robust and consistent application of Fair Access to Care Services criteria across all services;
- Maximising benefits and ensuring that Attendance Allowance and other benefits are used to purchase domiciliary and other 'low level' requirements;
- At review stage, ensuring that Fair Access to Care Services criteria is applied and care repackaged to ensure new services are fully utilised (e.g. community solutions/Telecare etc.);
- Operating a vacancy control system and controls over agency staff costs.

Children & Young People's Trust

Forecast Variance Month 4 £'000	Division	2009/10 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
(358)	Director	3,500	2,972	(528)	-15.1%
1,042	Area Integrated Working	22,170	23,809	1,639	7.4%
-	Learning , Schools & Skills	(3,248)	(3,084)	164	5.0%
1,079	Citywide Services	30,108	31,104	996	3.3%
102	Commissioning & Governance	1,980	2,056	76	3.8%
(300)	Vacancy Management	-	(300)	(300)	0.0%
1,565	Total	54,510	56,557	2,047	3.8%

Explanation of Key Variances

Director (£0,528 million) - this budget area relates to the staffing budget of the Director, Assistant Directors and admin support teams and in addition the unallocated budget to offset the overall Directorate position in the current year. This budget area underspend mainly relates to unallocated budget to offset the overall Directorate position. In particular the Director has taken the decision to switch £0.504 million from DSG funding of ABG areas in view of the size of the directorate overspend.

Area Integrated Working £1,639 million overspend. This branch leads on the development of integrated area working, including early intervention and prevention. Area working includes the Youth Service, Children's Centres, EPS, EWS and frontline social work teams.

Area Social Work Teams are projected to overspend by £0.312million due mainly to agency/sessional staff and transport costs. Legal fees are included within this division and these are currently forecast to overspend by £0.700 million. Legal expenses have increased due to changes in the law by the Public Law Outline (PLO). This is due to several factors, primarily the significant increase in the number of children being referred for care proceedings in line with national trends. The numbers of care proceedings are set to double this financial year compared with last financial year. In addition to this, the Court Fees have been increased by the Ministry of Justice and the cost of the Court issue Fee has increased from £175 to over £4,000 per fully contested case; it looks likely that the spend on court fees alone will be over £0.100 million above the sum allocated by the government for this purpose.

The other main overspend within this branch is £0.491 million on Preventative Payments. This relates to the ongoing costs relating to homeless families, payments to 'friends & relatives' carers and provisions.

Learning, Schools & Skills £0.164million overspend. This branch has responsibility for school admissions and transport, school funding including

Schools Forum and Healthy Schools. The AD also leads on involving schools in the next phase of development of the Children and Young People’s Trust. The main area of overspend in this area relates to Home School Transport £0.170 million.

Citywide Services £0.996million overspend. This branch is involved in taking the lead on ensuring best outcomes for Children in Care and those with special educational needs, disability and complex health needs. In addition the branch is responsible for the budget for individual placements for children and the Youth Offending Team.

The table below shows the variances in this area.

Details	Variances £000
Independent Foster Agency Payments	981
Residential Agency Placements	(302)
Disability Agency Placements/Palmeira	28
Secure Accommodation	284
Other	5
Net BHCC Position to Report	996

There has been a significant and sustained increase in activity in terms of referrals to social care (at times up to 61%) following Baby P and the Laming recommendations. This has resulted in a 33% increase in the number of children with a child protection plan and a 12% increase in the number of looked after children from July 2008 to June 2009.

Commissioning & Governance £0.076million overspend. This branch leads on behalf of the Children and Young People’s Trust and Brighton & Hove PCT on the commissioning of services for children, young people and their families. In addition the work of this branch includes currently developing the new Children and Young People’s Plan which will drive the next phase of the CYPT.

Vacancy Management (£0.300million). To partly address the overspend, a Vacancy Management target of £0.300 million is included in the forecast; the aim is to achieve savings without impacting on social workers and statutory staffing.

A plan has been developed to address the overspend and includes a number of short, medium and longer term actions.

In summary these actions include:

- Realignment of existing prevention provision to target families most at risk

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- Review of use of secure accommodation and development of suitable better value alternatives
- Increasing in-house fostering
- Review use of mother and baby placements
- Review of contracted services and application of VFM approach
- Develop proposals for permanency planning
- Review of costs relating to court proceedings/use of experts and ISW's

The above actions are being quantified as part of the Stage 2 Value for Money programme and exact numbers and estimated savings will be available by December 2009.

Finance & Resources

Forecast Variance Month 4 £'000	Division	2009/10 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
(134)	Finance	6,432	6,242	(190)	-3.0%
(170)	ICT	5,659	5,430	(229)	-4.0%
(126)	Customer Services	3,782	3,647	(135)	-3.6%
388	Property & Design	2,997	3,455	458	15.3%
(42)	Total	18,870	18,774	(96)	-0.5%

Explanation of Key Variances

Finance are projecting an underspend due to a reduction in external audit fees resulting from productivity improvements within the Internal Audit service which now undertakes work previously conducted by external audit. Higher than normal levels of staff turnover and associated vacancy management actions are also in place to assist the overall financial position.

ICT are forecasting an underspend due to savings on licence agreements and staff turnover/vacancy management. High priority projects and services to support business continuity (e.g. Helpdesk) are being maintained.

The main pressure in Customer Services relates to an expected shortfall in land charge income of £0.182 million, a slight improvement on month 4, due to the downturn in the housing market and the competition from private sector search companies. The corporate critical Housing Benefit budget is expected to generate an additional £0.300 million in subsidy, as local authority errors are predicted to be held below the government threshold and therefore attract additional subsidy.

Property & Design is forecasting a shortfall against commercial rent income of £0.420 million. The main loss is due to rent/lease renewals being on lower terms than expected due to the economic downturn; there has also been a slight increase in the number of voids. Income on this budget is particularly sensitive to the current market conditions and is being monitored very closely. Various measures are in place to manage and minimise the existing pressure, such as aggressive marketing, offering small businesses the option to pay rent in monthly instalments rather than quarterly, and negotiating short term lets to minimise voids. Currently there are only 2 voids out of 200 city centre retail units. Proactive procedures have been put in place for temporary lets and property services have a list of potential clients so that they can tailor the possible voids to the right clients/product. Temporary tenants have been put in place already and/or are about to be put in place where leases have been surrendered. Appropriate measures are being implemented for each property on a case-by-case basis. As a result, the shortfall is £0.410 million lower than it would have been without such action.

Strategy & Governance

Forecast Variance Month 4 £'000	Division	2009/10 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
-	Improvement & Organ Devel	1,650	1,638	(12)	-0.7%
-	Legal & Democratic Services	3,020	3,055	35	1.2%
-	Policy Unit	3,340	3,405	65	1.9%
-	Human Resources	4,004	3,904	(100)	-2.5%
-	Executive Office	574	574	-	0.0%
-	Communications	567	567	-	0.0%
-	Total	13,155	13,143	(12)	-0.1%

Explanation of Key Variances

In-year pressures across the directorate indicated a potential overspend of £0.295 million, for example, the impact of the economic downturn and the associated reduction in property transactions which has reduced legal fees substantially. However, a review of funding sources and identification of recovery actions should put the budget on course for break even. The measures identified are as follows:

- £0.080 million is likely to be secured via additional external funding for BHLIS (Brighton & Hove Local Intelligence Service) and Community Engagement work.
- Additional external and internal income streams across the department have so far have achieved £0.070 million.
- A further £0.145 million has been found by a combination of managing down current cost pressures and early identification of deliverable underspends, particularly within Human Resources and Improvement & Organisational Development.

Environment

Forecast Variance Month 4 £'000	Division	2009/10 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
-	City Services	29,700	29,700	-	0.0%
100	Sport & Leisure	2,225	2,175	(50)	-2.2%
153	Sustainable Transport	(921)	(689)	232	25.2%
(20)	Public Safety	5,325	5,226	(99)	-1.9%
390	City Planning	2,315	2,455	140	6.0%
(109)	Vacancy Management	-	(80)	(80)	0.0%
514	Total	38,644	38,787	143	0.4%

Explanation of Key Variances

Sustainable Transport are forecasting an overspend in the main due to lower than budgeted income from penalty charge notices, on street and off street parking. A range of measures have been implemented across the division to mitigate the variance.

Public Safety is forecasting an underspend due to spending controls and contract efficiencies.

In City Planning, both Development Control and Building Control have seen a drop in income from applications, in particular, there has also been a decline in the number of planning applications for large residential schemes due to the current economic conditions, leading to a shortfall of £0.140 million.

The legal fees associated with the Marina Development appeal are expected to cost £0.350 million; it is proposed to fund costs from corporate reserves should the appeal be successful and any award of costs will be put back into reserves.

The directorate is endeavouring to improve the financial position by keeping all services under constant review and taking action where feasible to reduce expenditure and raise additional revenue. A number of recovery measures have been implemented across the directorate to stop the forecast worsening further and vacancy management has been introduced to try and further mitigate overspends. The vacancy management will need to be carefully managed to ensure the impact on service delivery is minimised.

Culture & Enterprise

Forecast Variance Month 4 £'000	Division	2009/10 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
75	Tourism & Venues	1,710	1,785	75	4.4%
-	Libraries & Information Services	4,073	4,073	-	0.0%
190	Royal Pavilion & Museums	2,204	2,443	239	10.8%
17	Culture & Economy	3,606	3,605	(1)	0.0%
-	Major Projects & Regeneration	471	471	-	0.0%
282	Total	12,064	12,377	313	2.6%

Explanation of Key Variances

The Directorate has instigated management action to contain the forecast overspend and progress towards a balanced position. Higher than expected increases in energy costs for the Royal Pavilion & Museums of £0.085 million have caused the forecast overspend to increase. Before this exceptional item, the Directorate had identified £0.054 million reduction in the forecast as a result of management action.

Further action will be taken for the remainder of the financial year to work towards a balanced position. This includes tighter controls on filling vacant posts and spending only on essential items of supplies and services.

Tourism and Venues is forecasting an overspend due to business rates revaluation and unbudgeted repairs works at the Brighton Centre on the soil waste pipes. Venues will continue to maximise income to meet budget pressures and will look to re-phase planned maintenance work to accommodate this within the available planned maintenance budget (PMB) and reduce pressure on the venues budget.

Income at the Royal Pavilion and Museums is expected to be £0.300 million below target which is partly offset by vacancy management savings of £0.162 million and other efficiencies within the service of £0.024 million. Additional actions include retail product introduction and driving up profit margins; introduction of events to compensate for losses on corporate functions and weddings. Energy recharges of £0.125 million relating back to 2007 have been identified as a result of shared use of electricity.

Centrally Managed Budgets

Forecast Variance Month 4 £'000	Division	2009/10 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
-	Bulk Insurance Premia	2,960	2,960	-	0.0%
(220)	Concessionary Fares	7,345	7,085	(260)	-3.5%
-	Area Based Grant	(13,705)	(13,705)	-	0.0%
(375)	Capital Financing Costs	10,319	9,919	(400)	-3.9%
-	Levies & Precepts	195	195	-	0.0%
(150)	Other Corporate Items	7,073	4,898	(2,175)	-30.8%
(745)	Total	14,187	11,352	(2,835)	-16.8%

Explanation of Key Variances

The underspend on concessionary bus fares has increased by £0.040million to £0.260million as a result of the removal of a provision for potential outstanding costs from the Sussex Countywide scheme. It should be noted however that in respect of the 2009/10 scheme the September concessionary bus journeys are up 8.6% from last year which is the highest increase so far this year. This could be due to the good weather experienced during September, however, should this trend continue it could lead to increased costs.

There is a forecast £0.400 million underspend on Financing Costs (after a contribution from the interest rate reserve of £0.900 million). The Treasury Management Policy 6 month review report elsewhere on the agenda describes the reasons why the council has been repaying debt primarily to reduce the council's exposure to investment risk. The repayment of debt has also resulted in a net saving to the council of around £1.2m after taking account of the loss of investment income, although there is a net cost to the HRA due to perverse changes in subsidy (see HRA).

Under 'Other Corporate Items', there has been an improvement of £1.275 million to the Other Corporate Items budget due to the pay award being confirmed at 1%, which is lower than the 2% included in the budget. The 2009/10 budget also includes a contingency provision of £0.750 million which is therefore available to offset general in-year pressures relating to social care demand and the economic situation.

The forecast assumes the transfer of £0.700 million from contingency to support Building Schools for the Future; this transfer is dependent on a break even revenue outturn position.

Section 75 Partnerships

Forecast Variance Month 4 £'000	Division	2009/10 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
-	Council managed S75 Servs	23,713	23,713	-	0.0%
292	NHS Trust managed S75 Servs	13,496	13,882	386	2.9%
292	Total S75	37,209	37,595	386	1.0%

Explanation of Key Variances

Council managed S75 services (Learning Disabilities) are forecasting a breakeven position. A financial recovery plan of £1.900 million is in place and the forecast assumes achievement of this target. To date, £1.390 million has been achieved as a result of panels ensuring that eligibility criteria (FACs) are applied robustly; there are also cost reductions from Preston Drove remodelling and the Home Care review. Discussions with the PCT are ongoing on complex cases which are considered eligible for Continuing Health Care or Joint Funding. Assessments of 17 outstanding cases are not expected to be completed until December at the earliest. There is therefore a risk of a shortfall against the remaining element of the Financial Recovery Plan.

NHS Trust managed S75 services are forecasting an overspend of £0.386 million as follows:

- Sussex Partnership Foundation Trust (SPFT) – Mental Health & Substance Misuse is overspending by £0.343 million due to increases in the number and cost of homecare placements in Adult Mental Health.
- South Downs Health Trust – is forecasting a small overspend of £0.043 million, due to a staffing pressure on intermediate care services.

Generally, the S75 Partnership Agreements require the Integrated Service Providers (SPFT and SDH) to manage in-year cost pressures and carry this risk, subject to any agreement by the partners to vary risk-sharing provisions within the agreements. However, in practice, overspends can arise for a combination of unplanned provider and/or commissioning reasons and therefore overspends often need to be resolved jointly by commissioners and the provider/s by agreeing new risk sharing parameters. Risk share arrangements and ways of controlling expenditure are being actively discussed with SPFT to ensure that the current pressure is managed.

Housing Revenue Account (HRA)

Forecast Variance Month 4 £'000	Housing Revenue Account	2009/10 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
(518)	Employees	9,266	9,009	(257)	-2.8%
(69)	Premises – Repair	11,028	11,161	133	1.2%
9	Premises – Other	3,038	3,087	49	1.6%
(7)	Transport & Supplies	2,113	2,043	(70)	-3.3%
(19)	Support Services	2,251	2,222	(29)	-1.3%
140	Revenue contribution to capital	4,734	4,874	140	3.0%
(613)	Capital Financing Costs	4,356	3,608	(748)	-17.2%
912	Subsidy Payable	11,083	12,086	1,003	9.0%
(165)	Net Expenditure	47,869	48,090	221	0.5%
84	Dwelling Rents (net)	(41,168)	(41,140)	28	0.1%
(15)	Other rent	(1,222)	(1,258)	(36)	-2.9%
79	Service Charges	(3,861)	(3,863)	(2)	-0.1%
20	Supporting People	(564)	(533)	31	5.5%
86	Other recharges & interest	(1,054)	(999)	55	5.2%
254	Net Income	(47,869)	(47,793)	76	0.2%
89	Total	-	297	297	

Explanation of Key Variances

The forecast spend has increased to a projected overspend of £0.297 million compared to the overspend of £0.089 million forecast at month 4.

- TBM month 4 showed a forecast underspend on Employees of £0.518 million due to the anticipated pay award being lower than budgeted for and vacancy management. This underspend has decreased to £0.257 million due to more agency workers being employed to cover work together with the additional one year staff costs associated with the improvement programme. Vacancies continue to be the major factor of the underspend which are being managed against service requirements pending the implementation of the findings of the Housing Management improvement programme.
- The Premises - Repairs forecast shows an overspend of £0.133 million; an increase in expenditure of £0.202 million compared to month 4. This represents 1.2% of the Repairs revenue budget (£11.028 million) and includes the following variances:-
 - The Responsive Repairs budget is forecast to overspend by £0.342 million mainly due to high levels of expenditure during the

early part of the year relating to additional works not in the base contract, such as damp proofing, being undertaken. Any repairs that are not considered a priority will now be programmed into the planned maintenance programme which is more cost effective.

- This overspend has been partly mitigated by the delay in implementing new service contracts (£0.101 million, now programmed to be implemented on 1 April 2010), and efficiencies realised in the decorations contract (£0.103 million).
- Transport and supplies are now projected to underspend by £0.070 million (£0.007 million in month 4). This is mostly due to a reduction in the contribution to the Bad Debt Provision as a result of a reduction in rent arrears.
- Revenue Contributions to Capital continues to be projected at £0.140 million overspent. The capital projection variation relating to 6 major voids was approved at TMT cabinet on 29 June 2009.
- The current economic situation has led to a change in the corporate strategy for Treasury management within the current policy. In order to substantially reduce its exposure to risk, the council has prematurely repaid some £57 million of debt. This early repayment has also benefited the council by reducing capital financing costs of which the HRA has seen a reduction of £0.691 million, (i.e. £0.748 million capital financing costs underspend net of £0.057 million interest reduction shown under Income). However, for the HRA, due to the complexities of the subsidy system, there is also an increase of £1.003 million Housing Subsidy payable to central government resulting in a net overspend of £0.312 million. The council is monitoring the financial markets and when there are signs that the markets are returning to a more stable and secure outlook, these interim measures will be withdrawn and new borrowing will be raised. If and when this happens, the negative impact on the HRA will be revised.
- The Service Charges under achievement of income has reduced to £0.004 million. The amount the council charges its leaseholders of sold council flats for major works was projected to under achieve by £0.075 million at month 4. However, as capital schemes have now been finalised, it will now be possible to bill leaseholders in this financial year enabling an almost break even position to be achieved.