

ITEM 29 ON THE AUDIT COMMITTEE AGENDA

(FOR INFORMATION)

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People - Revenue Budget Summary

Forecast Outturn Month 2 £'000	Unit	2011/12 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
(473)	Commissioner - Children's Youth & Families	17,278	16,961	(317)	(1.8%)
0	Commissioner - Schools, Skills & Learning	10,374	10,395	21	0.2%
680	Delivery Unit - Children's & Families	39,518	40,245	727	1.8%
207	Total Children's Services	67,170	67,601	431	0.6%
0	Commissioner - People	2,363	2,271	(92)	(3.9%)
20	Delivery Unit - Adults Assessment	48,971	48,802	(169)	(0.3%)
0	Delivery Unit - Adults Provider	14,736	14,868	132	0.9%
20	Total Adult Services	66,070	65,941	(129)	(0.2%)
227	Total	133,240	133,542	302	0.2%

Explanation of Key Variances

(Note: FTE/WTE = Full/Whole Time Equivalent)

Commissioner – Children, Youth & Families

There is an underspend of £0.473m in respect of residential agency placements resulting from lower than budgeted numbers of children placed and average unit costs.

The numbers of children placed in independent foster agency (IFA) placements continues to rise. During 2010/11 there were 164.52 FTE placements representing a 23% increase on the previous year. Currently there are 191.68 projected FTE placements. If nothing else changed this would imply an overspend of £1.045m. However it is anticipated that the outstanding VFM savings target of £0.929m will be achieved over the remainder of the year and this results in a forecast overspend of £0.116m on the IFA budget.

Children's Services have put in place a Value for Money action plan to address the level of activity and spend in IFA'S. The plan focuses on strengthening preventive services and streamlining social care processes including:

- increasing the use of the Common Assessment Framework to provide universal and tier 2 services to children and families in need

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- driving the implementation of the 'Think Family' approach for families with the most complex needs
- introducing a tiered approach to manage social care referrals from other agencies including the remodelling of social work duty systems and the reinstatement of area and specialist resource panels or similar mechanisms
- 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.

The 2011/12 children's services VFM savings target is £2.019m. Current activity indicates that £1.090m is a projected saving based on current trends, leaving £0.929m to be achieved over the remainder of the financial year.

Commissioner – Schools, Skills & Learning

There is an overspend of £0.078m relating to the planned closure of the Learning Development Centre (LDC) at the end of January and the associated loss of booking income. This is related to planned changes across the service and links to the corporate accommodation strategy and will involve moving more office based staff into the LDC to generate service efficiencies and rationalise property use. This is offset by an underspend of £0.057m in home to school transport. The underspend reflects the continued reduction in the numbers of children being transported as well as the more favourable terms of the recently renegotiated contracts.

Delivery Unit – Children & Families

The overspending services in this delivery unit relate to two main areas: Agency placements for children with disabilities and Area Social Work Teams. Disability placements are projected to overspend by £0.455m; the number of children with disabilities placed has increased over the last 12 months and now there are 16 children in placement compared with a budgeted level of 11 places.

At the present time there is a projected overspend of £0.150m on agency spend on social workers, but this is subject to considerable variance. A successful advertising campaign in the spring/early summer saw the recruitment of a dozen new staff but there is continuing churn of social workers. A particular challenge to the service is other local authorities including London boroughs offering a significant 'golden hello', drawing-in staff from across the south east. Frontline teams are, of course, significantly staffed by young people who have greater mobility. We also have four staff on maternity leave within the East Area Team and the resignation of a Practice Manager: we do not have the option of leaving these front line posts uncovered for any length of time.

Commissioner - People

The forecast for Month 4 is an underspend of £0.092m as a result of staff savings identified.

Delivery Unit – Adults Assessment

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Assessment Services are reporting an underspend of £0.169m, due to a reduction in spend against the Community Care budget. This is largely due to a continuation of the trends experienced over the last couple of years where there is a significant underspend of £0.469m against Older People (79 WTE clients less than budgeted) offset by a pressure on Physical Disabilities of £0.364m (13 WTE clients more than budgeted). The forecast assumes delivery of the outstanding £0.753m against the financial recovery plan.

Across mainstream services there is an underspend of £0.023m from staff savings identified. Within this the service has managed to achieve the £0.150m workforce savings identified in the budget strategy.

Delivery Unit – Adults Provider

Provider Services are reporting an overspend of £0.132m, due a variety of factors including a reduction in grants, inflationary pressures on income targets (approx. £0.300m) and staffing pressures linked to the workforce review. The pressures on grant reductions have been largely offset by a review of clients supported to cover level of need and ensuring that appropriate funding is in place. A management action plan is also in place to address the remaining pressure including achievement of management and admin efficiency targets, plans to increase income where possible, and on-going review of staffing levels where this can be done without impact on service delivery.

People – Capital Budget Summary

Unit	2011/12 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
Delivery Unit - Children's & Families	508	508	0	0.0%
Commissioner – Schools, skills & Learning	42,854	42,854	0	0.0%
Total Children's Services	43,362	43,362	0	0.0%
Delivery Units – Adults Provider	20	20	0	0.0%
Delivery Unit - Adults Assessment	799	799	0	0.0%
Total Adult Services	819	819	0	0.0%
Total Capital - People	44,181	44,181	0	0.0%

Critical Budget – New Primary School places

The budget for this scheme is £11.272m and is contained within the total budget for Commissioner – Schools, Skills & Learning. The numbers of children needing primary school places has increased significantly. Ongoing works are progressing

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at various schools in order to deliver this anticipated demand for primary school places. There are currently no variations forecast. Within this year's capital allocation are the following major works:

- Expansion of Goldstone, Queens Park, and Westdene Primary Schools.
- Work at the Connaught building to it up to an acceptable condition.
- West Blatchington Primary School has been taking additional pupils for the last few years. There is a need for accommodation on the junior part of the site as these additional children move into year 3

New Capital Schemes

Included in the budget above for Delivery Unit – Children's & Families are the following new capital schemes:

Short Breaks for Disabled Children (£0.379m)

Brighton & Hove City Council has been given £0.379m of capital grant funding relating to Short Breaks for Disabled Children. This will be used to fund capital equipment or adaptations in the voluntary sector or other parts of the Council. In previous years bids have been invited for this funding which has been used to pay for items such as play/park equipment, mini-buses, a holiday caravan, beach wheelchairs, and swimming pool adaptations.

Carlton Hill School Section 106 (£0.306m)

The development at American Express included a S106 agreement for Carlton Hill School of £0.306m. Of this, £0.160m will be used in 2011/12 to fund playground development with a further 0.146m being used in 2012/13 to fund a flint wall and shelter.

New Capital Schemes (Under £0.050m)

New capital schemes under £0.050m included in the People Capital Budget table are schools transport vehicles (£0.027m) and Fairlight Primary School IT Equipment (£0.020m).

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Place - Revenue Budget Summary

Forecast Outturn Month 2 £'000	Unit	2011/12 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
105	Commissioner - City Regulation & Infrastructure	3,524	3,631	107	3.0%
209	Delivery Unit - City Infrastructure	25,198	25,313	115	0.5%
35	Delivery unit - Planning & Public Protection	5,502	5,537	35	0.6%
0	Major Projects	317	296	(21)	(6.6%)
349	Total City Regulation & Infrastructure	34,541	34,777	236	0.7%
139	Commissioner - Housing	16,779	16,916	137	0.8%
122	Delivery Unit - Housing & Social Inclusion	301	459	158	52.5%
261	Total Housing	17,080	17,375	295	1.7%
610	Total	51,621	52,152	531	1.0%

Explanation of Key Variances

Commissioner - City Regulation & Infrastructure

Sustainable Transport is forecasting an overspend against budget of £0.107m which is an increase of £0.002m compared to month 2. This increase is caused by a shortfall in income from advertising on bus shelters. The remainder of the overspend is unchanged from month 2 and consists of a £0.075m projected shortfall in income from recharging officer time to capital projects and £0.030m in respect of the expected contribution to Shopmobility.

Delivery Unit - City Infrastructure

Parking and Traffic is forecasting an overspend against budget of £0.080m, an improvement of £0.129m since month 2. There has been a reduction in the level of on street pay and display income but a more than corresponding increase in permit income, causing an improvement of £0.030m to the forecast. Additional income of £0.014m is expected overall from the off street car parks. There has been a small increase in the number of penalty notices issued, as a result of concentrating enforcement in areas where problems have been experienced, leading to an additional £0.050m. The remaining improvement of £0.035m relates to efficiencies in the parking enforcement contract.

Other Sustainable Transport is now forecasting an overspend of £0.029m in Highways, of which £0.010m relates to a shortfall in income and the remaining £0.019m relates to pressures in expenditure budgets.

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City parks is predicting a small overspend of £0.006m relating to Health and Safety requirements at Stanmer Nursery.

Delivery unit - Planning & Public Protection

The projected overspend remains at £0.035m and relates to Public Protection budgets. The overspend of £0.035m is due to increased vet and kennelling costs and unachievable taxi licensing income.

Major Projects

There is a projected underspend of £0.021m relating to staffing costs.

Commissioner – Housing

The projected pressure of £0.137m includes an increase in running costs of £0.073m in respect of enlarged and refurbished office space at Palace Place/Old Steine. An increase in rent with effect from April 2011 has been agreed with Property services (and reflected in their income) and higher utility bills are expected.

Delivery Unit – Housing & Social Inclusion

The budget for Travellers is projected to overspend by £0.158m. This overspend is mainly due to costs for security (£0.120m) and for rubbish clearance (£0.042m). These costs are broadly similar to those incurred last year.

Place – Capital Budget Summary

Unit	2011/12 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
Commissioner - City Regulation & Infrastructure	4,185	4,185	0	0.0%
Delivery Unit - City Infrastructure	7,225	7,225	0	0.0%
Major Projects	1,142	1,142	0	0.0%
Total City Regulation & Infrastructure	12,552	12,552	0	0.0%
Commissioner - Housing	6,371	6,371	0	0.0%
Delivery Unit - Housing & Social Inclusion (HRA Capital)	36,807	36,807	0	0.0%
Total Housing	43,178	43,178	0	0.0%
Total Capital - Place	55,730	55,730	0	0.0%

The figures in the table above do not include budgets for the additional work included in the Investment in City Infrastructure – Car Park Improvements Phase 2 report

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elsewhere on the agenda for this meeting. This is because the main works are not expected to start until 2012/13.

Critical Budget – Vehicle Replacement

The budget for this scheme is £1.204m and is included within the total for the City Infrastructure delivery unit shown above. A review of the waste strategy is taking place and until this has been completed the purchase of 4 refuse collection vehicles is on hold. As a result £0.650m needs to be re-profiled into 2012/13. This has been reflected in the budget above. All other vehicles are being purchased this year in line with the business plan.

New Capital Schemes

Included in the budget above for Commissioner – City Regulation & Infrastructure are the following new capital schemes:

Old Shoreham Road Cycle Facilities (£0.330m)

The objectives of the Local Transport Scheme cycle facilities along Old Shoreham Road are to achieve long term and measurable increases in cycling to benefit the community and pupils travelling to schools in the area. This is to be achieved by creating a safe and legible cycle route which encourages people to cycle, thereby increasing the potential for physical activity, reducing obesity in children, reducing congestion and improving local air quality and reducing carbon emissions.

In accordance with national policy objectives Brighton & Hove's Local Transport Plan 3 (LTP3) has considered a significant number of local strategies and plans resulting in a number of key themes and principles, which include the need to:

- Manage – increasing transport choices for everybody and making the transport network more efficient through information and innovation and technology;
- Improve –providing additional infrastructure to assist travel and improve environments e.g better air quality levels and residents' health;
- Maintain – repairing roads, pavements and street lights.

A consultation for cycle and pedestrian facilities along the full length of Old Shoreham Road was held in 2009. The results were presented to Environment Cabinet on 25th March 2010 with 66% of those responding being in favour of dedicated cycle facility provision along the full length of the Old Shoreham Road. Concerns regarding safety have been addressed through an enhanced design. Approval to consult will be sought at a Special Cabinet Member Meeting on 17th August 2011.

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The scheme will be funded from the Department for Transport Sustrans links to schools grant and must be fully allocated and accounted for during 2011/12 and as such any delays to the current schedule will be problematic for allocation of spend.

Local Sustainable Transport Fund (LSTF) (£1.840m)

The LSTF project is the result of a successful bid to central government and will provide £4.030m revenue and capital funding for transport initiatives over the next 4 years. The bid focuses on the Lewes Road Corridor and consists of tried and tested smarter choices measures in combination with infrastructure improvements. This combined package approach is designed to deliver significant economic benefits and reduce carbon outputs in the area. The smarter choices measures include a sustained community led Personalised Travel Planning project with residents in the area as well as travel planning with the Universities, local schools and employers. The targeted infrastructure measures will include upgrades to public transport infrastructure, cycling improvements, traffic signal upgrades, pedestrian improvements, and improved links to the newly formed South Downs National Park. The figures below show the amount we have been successful in receiving for capital projects.

2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000
250	830	760	1,840

Included in the budget above for Delivery Unit – City Infrastructure are the following new capital schemes:

Controlled Parking Schemes (£0.060m)

Following extensive public consultation, the majority of residents who voted wished to make changes or become an addition to existing schemes. This includes a change in Area C from Monday-Saturday restrictions to 7 days a week restrictions, and the addition of Tivoli Crescent to Area A.

The benefits are that the parking in these areas will now be better controlled in accordance with the majority vote from the local community and in line with council's transport strategy for managing car use within the city. This is a self-financing project. The changes require capital outlay on signing, lining and pay & display machines but these should be recouped from the additional income generated by the changes/addition to existing schemes. This will be funded by unsupported borrowing with the financing costs being charged to the Unit's revenue budget.

Street Lighting Energy and Carbon Reduction Lantern Change Programme

The council currently has in excess of 1200 fittings operating on its lighting network using an inefficient 250w bulb, each of which costs the council almost £130 per year in electricity costs. The Council has identified an opportunity to replace 1000 of these with a more efficient and modern light fitting using a lower 140w bulb to replace the 250w version, enabling a reduction of 40% energy usage and carbon output.

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In addition to this there may be the potential to introduce part-night dimming to certain of the locations which would further increase the savings to 50%.

High energy efficiency and a reduction in our carbon footprint are high priorities for all local authorities, with new legislation and standards coming into place to enforce this. This is combined with the issue of rising and unknown future energy costs and concern over the security of existing energy sources – they are finite, and thus this is a very serious area of concern. Energy prices have risen by over 15% this year and it is expected that they will continue to increase over the coming years. The estimated cost is £0.400m to be funded from unsupported borrowing. While this will increase costs initially it is expected that it will be more than offset by the benefits of avoiding assumed higher energy price rises.

Variations

The following variations are requested to capital schemes within Delivery Unit – Housing & Social Inclusion.

Window Replacements (£0.100m)

It is requested that £0.100m is transferred from the External Decoration budget to the Window Replacement budget in order to enable window renewal to take place alongside external repairs and decorations in the Tillstone Street and Clarendon Road areas. This will result in better coordination of programmes, a reduction in responsive repairs and improved energy efficiency. There will also be less disruption to tenants.

Roofing (£0.506m)

It is requested that £506,100 is transferred from the External Decoration and Repairs budget to the roofing budget in order to enable phase 1 of a re-roofing programme to take place alongside external repairs and decorations in the Woodingdean area. This will result in better coordination of programmes, a reduction in responsive repairs and improved energy efficiency. There will also be less disruption to tenants.

Door Replacement (£0.100m)

It is requested that £0.100m is transferred from the Fire Risk management budget to the door replacement budget in order to enable fire doors to be replaced in the Craven Vale and other areas of the city. This capital investment will help enable the fire risk management strategy to be implemented in an effective way, and the risk reduced.

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Communities - Revenue Budget Summary

Forecast Outturn Month 2 £'000	Unit	2011/12 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
0	Commissioner - Communities & Equalities	3,430	3,430	0	0.0%
0	Community Safety	2,383	2,383	0	0.0%
0	Commissioner - Sports & Leisure	1,401	1,401	0	0.0%
0	Commissioner - Culture	2,014	2,014	0	0.0%
152	Delivery Unit - Tourism & Leisure	3,745	3,896	151	4.0%
152	Total	12,973	13,124	151	1.2%

Explanation of Key Variances

Commissioner – Communities & Equalities

The forecast for Month 4 is a break-even position.

Community Safety

The forecast for Month 4 is a break-even position.

Commissioner – Sports & Leisure

The forecast for Month 4 is a break-even position.

Commissioner – Culture

The forecast for Month 4 is a break-even position.

Delivery Unit – Tourism & Leisure

The forecast overspend of £0.151m relates mainly to two areas where there are risks on income achievement. On Seafront and Sports facilities the projected overspend is £0.025m relating to a predicted shortfall on income from seafront leases. On Venues the projected overspend is £0.121m which includes £0.057m in respect of an ongoing income risk against the Hove Centre, as last year, and £0.054m against the Brighton Centre based on confirmed business. In all areas actual and forecast income is closely reviewed and action is being taken to maximise any business opportunities.

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Communities - Capital Budget Summary

Unit	2011/12 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
Commissioner - Sports & Leisure	744	744	0	0.0%
Delivery Unit - Tourism & Leisure	5,008	5,008	0	0.0%
Total Capital - Communities	5,752	5,752	0	0.0%

There are no variances to report at this stage.

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Resources & Finance - Revenue Budget Summary

Forecast Outturn Month 2 £'000	Unit	2011/12 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
0	Delivery Unit - City Services	13,712	13,641	(71)	(0.5%)
877	Resources	18,522	19,063	541	2.9%
0	Finance	6,182	6,160	(22)	(0.4%)
0	Strategic Leadership Board	1,262	1,262	0	0.0%
877	Total	39,678	40,126	448	1.1%

Explanation of Key Variances

Delivery Unit – City Services

The forecast for Month 4 is an underspend of £0.071m.

Resources

The net overspend across Resources is £0.541m, of which the main variances are on the following areas: -

Human Resources (£0.300m overspend)

Human Resources have previously managed year-on-year savings but this has been subsidised by savings made elsewhere and the use of one-off funding sources. In the current financial year there is a projected shortfall of £0.300m which is a reduction of £0.147m compared to month 2. This shortfall is made up of £0.162m unachievable income from recruitment advertising and use of the new HR system by external organisations, and additional costs associated with the running of the new HR/Payroll system. Vacancies are being held to try and manage the projected overspend but staff pressures are being caused as a result of supporting restructuring initiatives across the council. Further action plans to address the current shortfall are being developed

Communications (£0.111m overspend)

There is a risk of not achieving the full year effect of the £0.250m savings target in respect of the advertising and sponsorship tender. This is a result of delays in the procurement process for complex legal reasons. The procurement process for all except one lot is now underway and it is anticipated that some additional income will be generated before the end of the financial year. Due to uncertainty around this income target a risk provision of £0.250m has been allocated to this budget on a one off basis.

The remaining variance of £0.111m is from a mixture of staffing pressures and anticipated shortfall against the advertising income budget for City News.

The Communications Value for Money review continues to reduce spend across the organisation, however spend was originally running above the budget available hence creating a challenge in generating net budget reductions. Plans are in place to consolidate budgets for 2011/12 which is expected to generate savings through procurement and the management of demand, £0.050m has been assumed in this

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forecast and further reductions are being sought. Council-wide expenditure on communications and related activities (e.g. print & design) reduced by approximately £0.650m in 2010/11 compared to the previous financial year, offsetting pressures in the central Communications budget.

Property & Design (£0.122m overspend)

The rental income forecast pressure has decreased to £0.072m from £0.083m since TBM2 which is encouraging in this difficult economic climate. Property & Design have continued to secure the most advantageous rent settlements both for the short term and long term gain.

The other main area of overspending is within the Building Services & Facilities team and relates to a shortfall of income related to vacant spaces within the Ovest House building (£0.022m). The remainder of the pressure concerns electricity costs within Kings House (increases of 15% are expected) and additional security costs.

Finance

The forecast for Month 4 is an underspend of £0.022m.

Strategic Leadership Board

The forecast for Month 4 is a break-even position.

Resources & Finance - Capital Budget Summary

Unit	2011/12 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
Delivery Unit - City Services	154	154	0	0.0%
Resources	8,106	8,106	0	0.0%
Finance	195	195	0	0.0%
Total Capital – Resources & Finance	8,455	8,455	0	0.0%

Critical Budget – Accommodation Strategy

Significant investment is being made into Bartholomew House and associated subsidiary buildings for the implementation of the first phase of the Workstyles project (called Phase One Smartspace) that will enable the re-location of services and staff from Priory House and the subsequent surrender of the Priory House lease. It will also radically improve the Council's customer access points in the centre of the City and make considerable efficiency savings for the council. There are currently no variations forecast.

Critical Budget – Solar Panel Implementation

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Brighton & Hove City Council is planning to install solar photovoltaic (solar PV) roof mounted systems suitable for Feed In Tariff (FIT) payments onto a range of its properties. The works being carried out are being timed to try and take advantage of the Feed In Tariff payments at their current rate, which will be available until the 31st March 2012. Each set of panels will generate green electricity for each of the sites they are installed upon, the overall effect of which will be a reduction in the carbon footprint for the Council. Additional benefits will include a reduction in Carbon Reduction Commitment payments due to the reduced carbon emissions that the solar panels will contribute to. There are currently no variations forecast.

Variations

There are two variations under £50,000 within Delivery Unit – City Services. These are in respect of budget increases required for the New Coroners Court (£0.025m) and the City Mortuary (£0.020m). These will be funded by unsupported borrowing which will be charged to the Unit's revenue budget.

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Corporate Budgets - Revenue Budget Summary

Forecast Outturn Month 2 £'000	Unit	2011/12 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
100	Bulk Insurance Premia	3,009	3,109	100	3.3%
(400)	Concessionary Fares	9,660	9,280	(380)	(3.9%)
0	Capital Financing Costs	10,427	10,612	185	1.8%
0	Levies & Precepts	166	166	0	0.0%
600	Corporate VFM Projects	(3,634)	(2113)	1,521	(41.9%)
(1,250)	Risk Provisions	4,742	3,192	(1,550)	(32.7%)
25	Other Corporate Items	(28,597)	(28,597)	0	0.0%
(925)	Total Revenue - Corporate Budgets	(4,227)	(4,351)	(124)	2.9%

Explanation of Key Variances

Bulk Insurance Premia

There is a forecast overspend of £0.100m. Whilst the volume of claims has not increased, costs have. The most significant increase is in claimant solicitors' costs and their success fees.

Concessionary Fares

The forecast underspend has decreased by £0.020m to £0.380m. This is as a result of an invoice for previous years' costs. The remaining £0.400m is as a result of fixed deal agreements with Brighton & Hove Bus & Coach Company and Stagecoach South, agreed by Cabinet on 9th June, being lower than the budget provision.

Capital Financing Costs

The overspend in capital financing costs of £0.185m is due mainly to a lower than projected recharge to the Housing Revenue Account for interest on borrowings. HRA borrowing in 2010/11 was some £6.000m lower than projected and coupled with short-term interest rates remaining lower than projected at the time of the 2011/12 budget, has resulted in a reduction in the recharge.

Levies & Precepts

The forecast for Month 2 is a break-even position.

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 target is shown under Corporate Budgets and is awaiting allocation to individual service budgets as and when

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savings are identified. If all savings are identified and achieved, the Corporate VFM Projects savings target above will reduce to zero by the end of the financial year.

- As reported in Month 2, the 'Process Efficiencies' of £0.250m expected to generated through the application of Systems Thinking reviews are likely to have variable lead-in times and are therefore uncertain at present. The detailed methodology and priority areas for Systems Thinking reviews are currently being determined.
- The achievement of the Management & Administration savings has been underpinned by a Voluntary Severance Scheme (VSS) which is now drawing to a close. The outcome of the Scheme, in financial terms, indicates that approximately £0.771 million is uncertain at present. This is broadly in line with expectations as the VSS was not expected to achieve 100% of the savings required (£1.875m in 2011/12). As set out in the Revenue Budget report to Full Council in March 2011, some savings will need to come from 'natural turnover' over the remainder of the financial year and there will also be a need for further redesign in some service areas to accommodate the impact of staff released through the scheme. The main challenge now is to ensure that where people have been released but the post retained in the service structure, these are filled through redeployments across the council wherever possible.
- Carbon Reduction initiatives will be designed to reduce both energy use and costs. A scheme to pursue the installation of Solar PV panels was agreed at Cabinet in June 2011, however, savings will not be realised until 2012/13. The procurement of Automatic Meter Reader (AMR) devices is also in train and there is potential for 6 months of benefit from this initiative in 2011/12. The longer lead-in times for these initiatives means that the achievement of savings in 2011/12 (£0.250m) is relatively uncertain overall. Additional project management, technical and analytical resource has been prioritised to support this work due to the multiple projects, long lead in times and high levels of complexity involved.
- The Procurement project has identified an increased risk resulting partly from a reduction in overall procurement activity due to spending constraints, which has reduced potential savings opportunities compared with previous years. In addition, longer than expected lead-in times for some categories of procurement are being experienced. This is generally due to the complexity of aggregating procurement categories and packaging these as coherent or attractive tender invitations for the commercial marketplace. As at Month 4, there is uncertainty over £0.250 million of the savings target (£0.789m) and alternative procurement opportunities are currently being sought to improve the likelihood of achieving the full savings target in 2011/12.

Risk Provisions

There are one-off risk provisions of £0.800m and it is forecast that these will be fully spent. It is anticipated that £0.192m of this will be needed for the preparatory works for the Prince Regent and Withdean Sports Complex schemes subject to further planning confidence and with the expectation of payback once the schemes are successfully implemented. The remainder will be required for one-off costs associated with Criminal Records Bureau (CRB) compliance following OFSTED

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inspection, costs associated with compliance with Microsoft licence requirements following an audit process, and additional costs associated with the Carbon Reduction Commitment (CRC) scheme implementation.

There is a permanent risk provision of £0.750m relating to grants ending and this will not be required in the current financial year. It is therefore being released to support the overall position.

There is £1.250m of permanent risk provision, of which £0.500m is being released to support the overall position. Of the remainder, £0.500m is being used on a one-off basis to offset the shortfall in the Advertising and Sponsorship contract income target and the VfM Phase 3 Stretch target (0.250m). There remains a further £0.250m available to reduce the overspend further or offset further increases in the forecast if needed.

In addition, there is £0.400m of one-off risk provision for children's and adults services which is currently being retained corporately.

An underspend of £0.300m is forecast on the financing costs for the new Historic Records Centre. The budget projections assumed the majority of the capital funding would be needed this financial year and as this expenditure is funded from borrowing the financing costs were set aside in contingency. East Sussex County Council (ESCC) have now provided a cashflow schedule and agreed with Brighton & Hove a payment schedule which gives a far lower capital contribution this year and therefore lower financing costs. The cashflow from ESCC is subject to change but experience shows that expenditure is generally lower than projected.

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NHS Trust Managed S75 Budgets - Revenue Budget Summary

Forecast Outturn Month 2 £'000	Unit	2011/12 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
182	NHS Trust managed S75 Servs	14,179	14,341	162	1.1%
182	Total S75	14,179	14,341	162	1.1%

Explanation of Key Variances

(Note WTE = Whole Time Equivalent)

NHS Trust Managed S75 Services

There is a pressure of £0.376m on the Adult Mental Health Community Care budget, where WTE client numbers are approximately 20 more than budgeted. A financial recovery plan (FRP) has been developed to reduce the pressure, particularly against long-term placement spend, and a project is underway to review high-cost placements. The current forecast assumes delivery of FRP targets of £0.266m between now and the end of the financial year. Savings of £0.190m have already been identified against the mainstream budget from vacancy management and a review of social care input into Access Services. There is a 50/50 risk-share agreement with Sussex Partnership Foundation Trust, which is reflected in the overall pressure of £0.093m reported.

Across Sussex Community NHS Trust there is a pressure of £0.069m as a result of staffing pressures identified within Intermediate Care service.

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Housing Revenue Account - Revenue Budget Summary

Forecast Outturn Month 2 £'000		2011/12 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
	Housing Revenue Account				
(227)	Employees	9,157	8,930	(227)	-2.5%
(220)	Premises – Repair	10,905	10,685	(220)	-2.0%
-	Premises – Other	3,286	3,309	23	0.7%
(80)	Transport & Supplies	2,128	2,048	(80)	-3.8%
12	Support Services	2,144	2,126	(18)	-0.8%
-	Third Party Payments	54	54	-	0.0%
-	Revenue contribution to capital	3,778	3,778	-	0.0%
-	Capital Financing Costs	4,268	4,155	(113)	-2.6%
-	Subsidy Payable	14,710	14,710	-	0.0%
(515)	Net Expenditure	50,430	49,795	(635)	-1.3%
-	Dwelling Rents (net)	(44,213)	(44,213)	-	0.0%
50	Other rent	(1,240)	(1,240)	-	0.0%
-	Service Charges	(3,454)	(3,454)	-	0.0%
-	Supporting People	(465)	(465)	-	0.0%
(71)	Other recharges & interest	(1,058)	(1,079)	(21)	-2.0%
(21)	Net Income	(50,430)	(50,451)	(21)	0.0%
(536)	Total	-	(656)	(656)	

Explanation of Key Variances

The forecast outturn for 2011/12 is an underspend of £0.656m which is an increase of £0.120m since TBM Month 2. Further analysis of the forecast outturn variances are as follows:

- The employees forecast underspend of £0.227m relates to the budget for TUPE costs for Property & Investment staff not being required as the final costs were less than originally forecast and fully paid in last financial year.
- The Premises Repairs forecast outturn is an underspend of £0.220m. This includes:
 - A projected saving on the gas servicing and maintenance contract of £0.161m from the rebasing of the open book contract value following the achievement of savings during the last financial year.
 - A reduction in the overhead costs for the Repairs Partnership contract of £0.059m resulting from efficiencies in the contract.

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- Transport & Supplies is forecast to underspend by £0.080m due to a reduction in the contribution to the provision for bad debt resulting from the improvement in the collection of rent which has led to a reduction in the rent arrears total.
- Capital Financing forecast costs have reduced by £0.113m due to reduced forecasts for repayment of debt compared to the original budget.
- There has been a budget adjustment between the Commercial Rent and Rechargeable works budgets of £0.050m to reflect the variances reported for last month. This leaves a balance of £0.021m overachievement of income for Rechargeable works, shown under other Recharges & Interest.