

<b>Subject:</b>	<b>Targeted Budget Management (TBM) Month 6</b>		
<b>Date of Meeting:</b>	<b>20 November 2008</b>		
<b>Report of:</b>	<b>Interim Director of Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Nigel Manvell</b>	<b>Tel: 29-3104</b>
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<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No. CAB2884</b>	
<b>Wards Affected:</b>	<b>All</b>		

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

- 1.1 This report sets out the forecast outturn position on the revenue and capital budgets as at the end of September 2008 (month 6).
- 1.2 The council is delivering services within budget and has taken the appropriate measures to manage in-year pressures, including significant unavoidable pressures on the council tax collection fund and adult social care budgets. This reflects the council's effective monitoring and control of financial performance and the measures it has taken to ensure better use of public funds, including achieving ambitious efficiency savings of over £5 million and the implementation of council-wide value for money reviews.

**2. RECOMMENDATIONS:**

- (1) That the Cabinet note the forecast outturn for the General Fund, Section 75 Partnerships and Housing Revenue Account (HRA) for 2008/09 as at month 6.
- (2) That the Cabinet agree the release of £0.142 million from Local Authority Business Growth Incentive (LABGI) in respect of projects to support local employment and businesses to be determined by the Cabinet.
- (3) That the Cabinet note that the Primary Care Trust, as the Lead Commissioners of Mental Health Services, are continuing to work with Sussex Partnership Trust, as providers, to address current overspending, financial recovery plans, current Value for Money concerns in respect of the Dementia Care at Home service, and ensure ongoing funding issues and the potential shared financial risks to the council are resolved.
- (4) That the Cabinet note the forecast outturn position on the capital budgets as at month 6.
- (5) That the Cabinet approve the following changes to the capital programme:
  - (a) Budget reprofiles (Appendix 5)
  - (b) Budget variations (Appendix 6)
  - (c) New schemes (Appendix 7)

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

- 3.1 The table below shows the forecast outturn position for council controlled budgets within the general fund, including directorates and centrally managed budgets and the outturn on NHS managed S75 Partnership Services.

The position at Month 6 shows that the council is managing within its available resources despite significant in-year pressures relating to the council tax collection fund and Adult Social Care placements. A number of directorate budgets are also under pressure but the forecast position has improved by £0.565 million since month 4, reflecting recovery actions taken to date. Overall, the position continues to be supported by improvements on Centrally Managed Budgets including savings on Insurance Contracts, lower than expected costs of the concessionary fares scheme, and good investment performance on the council's cash balances. More detailed explanation of the variances below can be found in Appendix 1.

Forecast Variance Month 4 £'000	Directorate	2008/09 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
1,057	Adult Social Care & Housing	42,909	43,441	532	1.2%
163	S75 Learning Disability Services	22,738	22,903	165	0.7%
401	Children & Young People's Trust	52,581	52,613	32	0.1%
(99)	Finance & Resources	16,665	16,665	-	0.0%
	- Strategy & Governance	10,706	10,694	(12)	-0.1%
(2)	Environment	39,086	39,262	176	0.5%
107	Cultural Services	13,418	13,587	169	1.3%
1,627	Sub Total	198,103	199,165	1,062	0.5%
1,460	Collection Fund	-	1,460	1,460	0.0%
(2,682)	Centrally Managed Budgets	8,659	5,469	(3,190)	-36.8%
405	Total Council Controlled Budgets	206,762	206,094	(668)	-0.3%
313	NHS Trust managed S75 Services	13,481	14,125	644	4.8%
718	Total Overall Position	220,243	220,219	(24)	0.0%

- 3.2 The Total Council Controlled Budgets line in the above table represents the total current forecast in respect of the council's General Fund. This includes all directorate budgets, centrally managed budgets and council-managed Section 75 services. The NHS Trust-managed Section 75 Services line represents those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Trust and South Downs Health Trust and include health and social care services for Adult Mental Health, Older People Mental Health, Substance Misuse, AIDS/HIV, Intermediate Care and Community Equipment. The financial risk for these services generally lies with the relevant provider Trust but where overspending is due to commissioning changes (e.g. increased demand) there may be a shared risk to the council as joint commissioner. The forecast outturn on the HRA is as follows:

Forecast Variance Month 4 £'000	2008/09 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
<b>Housing Revenue Account</b>				
(186) Expenditure	46,941	46,867	(74)	-0.2%
186 Income	(46,691)	(46,957)	(266)	-0.6%
- Total	250	(90)	(340)	-136.0%

### Corporate Critical Budgets

- 3.3 Targeted Budget Management (TBM) is based on the principles that effective financial monitoring of all budgets is important. However, there are a small number of budgets with the potential to have a material impact on the council's overall financial position. These are significant budgets where demand or activity is difficult to predict with certainty and where relatively small changes in demand can have significant financial implications for the council's budget strategy. These therefore undergo more frequent, timely and detailed analysis. Set out below is the forecast outturn position on the corporate critical budgets.

Forecast Variance Month 4 £'000	2008/09 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
<b>Corporate Critical</b>				
35 Child Agency & In House	21,912	21,631	(281)	-1.3%
(43) Sustainable Transport	(556)	(396)	160	28.8%
(560) Housing Benefits	154,396	153,836	(560)	-0.4%
400 Land Charges Income	(957)	(357)	600	62.7%
(1,820) Concessionary Fares	9,158	7,338	(1,820)	-19.9%
931 Community Care	21,121	21,994	873	4.1%
163 Section 75 Learning Disabilities	21,703	21,868	165	0.8%
1,460 Collection Fund	-	1,460	1,460	0.0%
566 Total Council Controlled	226,777	227,374	597	0.3%
226 S75 NHS & Community Care	12,537	12,712	175	1.4%
792 Total Corporate Criticals	239,314	240,086	772	0.3%

- 3.4 The key activity data for each of the corporate critical budgets is detailed in Appendix 2. Note that the analysis in Appendix 2 will not always match exactly the outturn variances shown in the table above, due to a number of different elements that can affect the outturn. The Appendix is designed to highlight the key underlying activity data that is having the most significant effect on the forecast. Narrative explanations

regarding the projections are contained within the individual directorate forecasts contained in Appendix 1.

- 3.5 There has been a further allocation of LABGI funds relating to 2007/08 of £0.142 million. It is proposed to allocate these funds to measures in support of local businesses and employment opportunities. The projects will be determined by Cabinet.

### **Efficiency Savings**

- 3.6 The Comprehensive Spending Review 2007 assumes that, nationally, local authorities will deliver 3% cash releasing gains year-on-year. Progress made by authorities will be reported via the new National Indicator NI 179 – ‘Value for Money: total net value of ongoing cash-releasing gains that have impacted since the start of the 2008/09 financial year’. The national requirement to produce 3% cash releasing gains is reflected in the Medium Term Financial Strategy approved by Cabinet in June. Appendix 3 to this report summarises the efficiency savings agreed as part of the 2008/09 budget process and current progress against their achievement. Variances to the agreed efficiencies are included in the directorate forecasts.

### **Pay Award**

- 3.7 The employers’ representatives and unions on the National Joint Council have failed to reach an agreement on this year’s pay increases and it has now been agreed to go to arbitration on the decision. Given that the pay award is now overdue and the arbitration process is likely to take time, the two sides of the NJC have agreed that an increase of 2.45% as set out in the employers’ final offer will be paid to staff now. This will be backdated to 1 April 2008. The budget for 2008/09 included an allowance in service budgets of 2.2% for the pay award. However, in addition a provision of £1.7 million had been set aside in contingency as cover in case the pay award is higher than anticipated and to meet any additional pay costs arising from single status. The contingency is sufficient to cover the 2.45% pay award requiring £0.322 million use of contingency.

### **Impact on the Medium Term Financial Strategy (MTFS)**

- 3.8 The MTFS assumes a breakeven outturn position for 2008/09 on general fund budgets, the current forecast is an underspend of £0.668 million. However, directorates still face significant financial challenges as directorate budgets are still forecasting an overspend in excess of £1 million after the implementation of the financial recovery plans agreed at September. If directorates cannot reduce the pressures going into 2009/10 they will need to be incorporated into service budget strategies and services will need to manage them within their cash limits. There is also a potential shared commissioning risk on NHS managed Section 75 partnership services.

- 3.9 The most significant in-year service pressure relates to physical disability services of £0.738 million, which is experiencing continued growth in client numbers. There are an additional 108 clients over the number budgeted for, with home care services experiencing an increase of 106 clients forecast to cost £0.693 million. The full year effects of the current recovery measures will go some way to helping the situation next year, however, containing the pressure within the cash limit budget will be a challenge which will need to be considered in detail as part of the 2009/10 budget proposals.
- 3.10 Further work is being undertaken on the projections of the taxbase for 2009/10 onwards but based on current information, the expected reduction in council tax resources available to the council in 2009/10 caused by the projected fall in the taxbase can be offset by the ongoing projected reduction in concessionary fares spending.

### Capital Budget 2008/09

- 3.11 This part of the report gives Members details of the capital programme budget position for 2008/09.
- 3.12 On 28 February 2008, Budget Council considered a capital investment programme report for the financial year 2008/09 and agreed a capital investment programme of £54.799 million. Some of this expenditure related to schemes already live, while some schemes have been approved in detail since that meeting and others are yet to have detailed reports presented to Members for approval.
- 3.13 The following table shows the currently approved capital budget.

	2008/09
<b>Capital Budget 2008/09</b>	Budget
	£'000
Slippage brought forward from 2007/08 (approved 12 June 2008)	1,407
Capital Investment Programme (approved at Budget Council)	54,799
Changes to the Capital Budget since approved	(1,200)
<b>Total Capital Budget 2008-09 as at month 6</b>	<b>55,006</b>

- 3.14 Where schemes are forecast to exceed their budget, budget holders must identify additional resources to finance the shortfall. Forecast overspends of greater than £0.050 million or 10% of the original budget are required to be reported back to Members, either in detailed reports or through this capital monitoring report. Scheme delays or 'slippage' are also monitored in an effort to ensure schemes are delivered not only on budget, but also on time. Where a scheme is forecast to slip by £0.050 million or more, the budget holder will report back to Members on the amount and the impact of the delay on service delivery.

### Capital Forecast Outturn

- 3.15 A summary of the forecast capital outturn can be found in Appendix 4. A number of changes are proposed to the capital programme as follows: three budget reprofile requests are proposed and summarised in Appendix 5; variation requests to the capital budgets are contained in Appendix 6 and; new capital schemes recommended for approval are listed in Appendix 7. A summary of the proposed changes are shown in the table below.

Directorate	2008/09 Budget £'000	New Schemes £'000	Budget Variations £'000	Reprofile Budget £'000	Amended Budget £'000	Forecast Outturn £'000
Cultural Services	1,605	112			1,717	1,717
Strategy & Governance	910				910	910
Finance & Resources	7,177	(30)		(45)	7,102	7,102
Adult Social Care & Housing	4,216	2,976		(100)	7,092	7,092
Housing Revenue Account (HRA)	17,089	100		(3,023)	14,166	14,166
Children & Young Peoples' Trust	10,588	(21)		(1,680)	8,887	8,887
Environment	13,421	363	280		14,064	14,064
<b>Total</b>	<b>55,006</b>	<b>3,500</b>	<b>280</b>	<b>(4,848)</b>	<b>53,938</b>	<b>53,938</b>

- 3.16 The proposed budget changes would leave the capital budget fully funded.

### Capital Slippage

- 3.17 At this stage in the year no slippage is anticipated by programme managers as budgets have been reprofiled to take into account expected spend in year.

### Prudential indicator for capital expenditure

- 3.18 Each year, the council sets a number of prudential indicators that show its capital investment plans are affordable and that borrowing levels are sustainable and prudent. For 2008/09, these were set by the council on 28 February 2008. One of these indicators is 'capital expenditure' and in February the council set this at £54.799 million for 2008/09. This indicator helps us to demonstrate that our capital expenditure plans are affordable.
- 3.19 The Capital Investment Programme report, also approved in February, demonstrated how it was fully funded and affordable. The revenue effects of this programme were fully considered as part of the revenue budget setting process. This report advises Members that the latest forecast of capital expenditure is not expected to exceed the capital expenditure indicator

## **Capital Receipts**

- 3.20 Capital receipts are used to support the capital programme. For 2008/09 the programme is fully funded and does not rely upon certain capital receipts being generated. However, any changes to the level of receipts during the year will impact on future years' capital programmes. Capital receipts (excluding housing) were estimated to be £2.6 million. Currently, £1.7 million has been received including the final balance on Royal York Building, the sale of 12 St. Georges Place and the sale of 24 Windlesham Road. This leaves £0.9 million of receipts to be achieved during the rest of the financial year. Assets are actively being marketed to achieve the level of receipts budgeted for.
- 3.21 The level of sales of council homes through right to buy has been severely affected by the current market conditions in house prices generally and the higher cost and availability of mortgages in the current economic climate. Current regulations mean that the Government receive 75% of the proceeds of right to buy sales; whilst the remaining 25% is available to support the council's capital programme. Budget Council previously agreed that the first £0.5m receipts from RTB sales would be used to finance support for major projects with the remainder being available to support investment in housing. The estimated useable receipts were £1 million for this financial year, however, on current projections this is now forecast to reduce to between £0.25 million and £0.40 million. The reduction in receipts may impact on the level of investment in future years for corporate funds such as the Strategic Investment Fund, Asset Management Fund and/or ICT Fund. If there are no other compensating receipts generated and the current trend for right to buy sales continues the capital strategy will need to be reviewed as a consequence.

## **Comments by the Director of Finance & Resources**

- 3.22 The forecast outturn position on the revenue budget shows a significant improvement since month 4, however, despite the implementation of financial recovery plans directorate budgets are still forecasting an overspend in excess of £1 million. Additional measures need to be taken by overspending directorates to achieve a break even position as described in Appendix 1.
- 3.23 Discussions are ongoing between commissioners and provider NHS Trusts to ensure that effective financial recovery plans are in place within NHS-managed S75 partnership services for the year.

## **4. CONSULTATION**

- 4.1 No specific consultation was 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.

### Legal Implications:

- 5.2 In reaching its decisions in relation to its budget, the Council needs to have regard to a number of general points. It must provide the services, which, statutorily, it is obliged to provide. Where there is power to provide services, rather than a duty, it has a discretion to provide such services. It must observe its other legal duties, such as the duty to achieve best value and comply with the Human Rights Act 1998. It must act in accordance with its general fiduciary duties to its Council Tax payers to act with financial prudence. Finally, it must 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: 5 November 2008

### Equalities Implications:

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

### Sustainability Implications:

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

### Crime & Disorder Implications:

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

### Risk & 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 working balance of £9 million 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.

### Corporate / Citywide Implications:

- 5.7 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 forecast outturn position on council controlled budgets is an underspend of £0.668 million, any underspend will be added to unallocated general reserves unless approval is given to allocate funds to specific reserves or contingencies.

## **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. Directorate Revenue Outturn Forecasts
2. Corporate Critical Budgets Activity Data
3. Progress Against the Achievement of the 2008/09 Efficiency Savings
4. Capital Outturn Summary
5. Proposed Capital Budget Reprofile Requests
6. Proposed Capital Budget Variations
7. New Capital Scheme Requests

#### **Documents in Members' Rooms**

1. None.

#### **Background Documents**

1. None.

## Adult Social Care & Housing

Forecast Variance	2008/09 Budget	Forecast Outturn	Forecast Variance	Forecast Variance
Month 4 £'000	Month 6 £'000	Month 6 £'000	Month 6 £'000	Month 6 %
- Housing Strategy	4,806	4,806	-	0.0%
1,057 Adult Social Care	38,103	38,635	532	1.4%
1,057 Total	42,909	43,441	532	1.2%

### Explanation of Key Variances

Adult Social Care is forecasting an overspend of £0.532 million, an improvement of £0.525 million since month 4 mainly as a result of actions contained within the financial recovery plan reported as part of TBM 4. The corporate critical community care budget is forecasting an overspend of £0.873 million, an improvement on month 4. Significant demand increases are still being experienced across Older People and Physical Disability Services.

Older People Services are forecasting an overspend of £0.135 million, due to 106 additional clients. The average unit cost has improved due to a shift in the balance of clients from long term nursing and residential care to home care.

The Physical Disability Services forecast overspend is £0.738 million. In total there are an additional 108 clients over the number budgeted for, with home care services experiencing an increase in clients 39% above the budgeted level. This has been partly offset by a reduction in the average unit cost, which is on average £26 per week per client lower than budgeted.

The overspend on the corporate critical budgets is partly offset by £0.200 million of grant funding being used on Older People – Mainstream Services. A saving is also forecast on Service Strategy & Regulation of £0.201 million, due in the main to a reduction in the forecast spend on jointly funded staff.

Close monitoring of placement budgets will continue and further potential savings and/or alternative use of external funding are being explored to continue to improve the budget position.

## Children &amp; Young People's Trust

Forecast Variance	Division	2008/09 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
	501 East, Early Years & NHS Comm Servs	10,431	10,899	468	4.5%
	225 Central Area & School Support	(8,283)	(7,932)	351	4.2%
	- Learning & Schools	9,161	9,161	-	0.0%
	(73) West Area & Youth Support	8,880	8,725	(155)	-1.7%
	(252) Specialist Services	31,248	30,688	(560)	-1.8%
	- Quality & Performance	1,144	1,124	(20)	-1.7%
	- Vacancy Management	-	(52)	(52)	0.0%
	401 Total	52,581	52,613	32	0.1%

## Explanation of Key Variances

The corporate critical budget of Child Agency Placements and In House Placements is forecasting an underspend of £0.281 million. The main variances are due to an overspend on Leaving Care Accommodation <sup>1</sup> of £0.244 million being offset by underspends on Residential Agency placements<sup>2</sup> of £0.379 million and In-house placements<sup>3</sup> of £0.358 million.

The underspend on the corporate critical budget is offset by overspends across the directorate, the main ones being; preventative payments to homeless families of £0.195 million and home to school transport of £0.080 million.

A small forecast overspend remains which the directorate will continue to keep under review and identify further opportunities for achieving financial balance. However, there are notable risks to the current forecast and a small number of new placements can have significant impacts on the forecast.

<sup>1</sup> Forecast FTE placements of 39 against a budget of 25 and a weekly unit cost £67 below budget

<sup>2</sup> Forecast FTE placements of 38 which is 3 less than budgeted for and a weekly unit cost £19 below budget

<sup>3</sup> Forecast FTE placements 6 above the budgeted level but the weekly unit cost is £25 below

## Finance & Resources

Forecast Variance <b>Division</b> Month 4 £'000	2008/09 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
(8) Finance	6,055	5,989	(66)	-1.1%
- ICT	5,428	5,407	(21)	-0.4%
(99) Customer Services	3,403	3,482	79	2.3%
8 Property & Design	1,779	1,787	8	0.4%
(99) Total	16,665	16,665	-	0.0%

### Explanation of Key Variances

Finance is forecasting an underspend of £0.066 million due to vacancy management savings.

Customer Services is forecasting an overspend of £0.079 million as follows:

- The corporate critical housing benefits budget is forecasting an underspend of £0.560 million due to local authority errors being contained below the lower threshold which generates additional subsidy and increased overpayment recovery on non council housing rent rebates.
- The Land Charges income budget is also a corporate critical budget and is forecasting a £0.600 million shortfall, which is an increase of £0.200 million since month 4. The continuing downturn in the housing market is reducing the overall number of searches undertaken and there is also a continuing increase in the proportion of searches being undertaken as personal searches for which the council receives a much lower fee. This situation will need to be considered in respect of the impact on the 2009/10 budget.

## Strategy &amp; Governance

Forecast Variance <b>Division</b> Month 4 £'000	2008/09 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
- Improvement & Organ Devel	1,662	1,662	-	0.0%
- Legal & Democratic Services	3,609	3,607	(2)	-0.1%
- Policy Unit	840	840	-	0.0%
- Human Resources	3,614	3,608	(6)	-0.2%
- Executive Office	394	392	(2)	-0.5%
- Communications	587	585	(2)	-0.3%
- Total	10,706	10,694	(12)	-0.1%

## Explanation of Key Variances

The directorate is funding all in year service pressures through efficiency savings.

## Environment

Forecast Variance Month 4	2008/09 Budget Month 6	Forecast Outturn Month 6	Forecast Variance Month 6	Forecast Variance Month 6
Division £'000	£'000	£'000	£'000	%
(200) City Services	30,134	29,934	(200)	-0.7%
80 Sport & Leisure	1,662	1,760	98	5.9%
(43) Sustainable Transport	(556)	(396)	160	28.8%
3 Public Safety	5,758	5,718	(40)	-0.7%
158 City Planning	2,088	2,246	158	7.6%
(2) Total	39,086	39,262	176	0.5%

### Explanation of Key Variances

City Services is forecasting an underspend of £0.200 million due to a reduction in vehicle costs and a part year saving on the Park Ranger posts that have recently been recruited.

Sport & Leisure Services are forecasting an overspend due to income shortfalls on Golf Courses and King Alfred, and utility costs pressure at the King Alfred Leisure Centre - partly offset by vacancy management savings.

The total forecast for Sustainable Transport is an overspend of £0.160 million, a deterioration of £0.203 million since month 4 made up as follows:

- Penalty charge income is forecast to be £0.285 million below budget. The shortfall is due in the main to the average income per penalty being below that assumed. The changes introduced by the Traffic Management Act made it very difficult to accurately predict what the average figure would be due to the tiered structured of the penalties. This is partly offset by a reduction in the bad debt provision.
- Income from all on-street and off-street parking and permit income is forecast to exceed budget by £0.226 million.
- Other expenditure is forecast to exceed budget by £0.211 million. The main variance is an overspend on energy costs of £0.188 million following the contract relet for street lighting and traffic signals.

The main movement since month 4 is due to the energy contract relet, which has taken place in the recent weeks.

City Planning is forecasting an overspend due to loss of Planning Delivery Grant. The settlement was confirmed in August and is £0.250 million lower than expected. Measures have been taken to contain the pressure to £0.125 million in the current year.

Development Control is also forecasting an overspend of £0.033 million.

The directorate will continue to apply financial management processes (e.g. vacancy management) to ensure that spending is tightly controlled and can contribute to achieving financial balance.

**Cultural Services**

Forecast Variance <b>Division</b> Month 4 £'000	2008/09 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
(13) City Marketing	1,833	1,824	(9)	-0.5%
41 Libraries	4,074	4,115	41	1.0%
71 Museums	2,174	2,320	146	6.7%
- Arts & Creative Industries	1,615	1,615	-	0.0%
8 Economic Devlpmnt & Regen	3,547	3,538	(9)	-0.3%
- Major Projects & Venues	175	175	-	0.0%
107 Total	13,418	13,587	169	1.3%

**Explanation of Key Variances**

The forecast overspend in the Museums Service relates to a shortfall against income targets on admissions, retail and functions and an overspend on energy costs. The overspend is being partly offset by vacancy management and other savings. These measures will continue to be applied for the remainder of the year to attempt to offset cost pressures.

### Centrally Managed Budgets

Forecast Variance <b>Division</b> Month 4 £'000	2008/09 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
(302) Bulk Insurance Premia	2,481	2,131	(350)	-14.1%
(1,820) Concessionary Fares	9,158	7,338	(1,820)	-19.9%
(560) Capital Financing Costs	7,929	7,129	(800)	-10.1%
- Levies & Precepts	192	192	-	0.0%
- Other Corporate Items	(11,101)	(11,321)	(220)	2.0%
(2,682) Total	8,659	5,469	(3,190)	-36.8%

### Explanation of Key Variances

The bulk insurance premia underspend is due in the main to a saving on the renewal of the insurance contract. The underspend has improved since month 4 as there have been fewer insurance claim payments made than anticipated during the summer.

The concessionary fares underspend is due to a successful legal challenge against the reimbursement rate originally set by the Department for Transport and a lower than expected rise in the number of concessionary fare trips.

The Capital Financing Costs projection is an underspend of £0.800 million, an increase of £0.240 million on the reported figure at month 4. The main reason for the improved underspend is higher investment income driven by higher cash flow balances and interest rates not falling as quickly as projected.

Other Corporate Items are forecast to underspend by £0.220 million. This is a combination of a one-off contingency for energy costs in 2008-09 and recurrent funding set aside for the closure of Carlton Hill car park as part of the Circus Street development which will also not be required in this financial year.



## Section 75 Partnerships

Forecast Variance <b>Division</b> Month 4 £'000	2008/09 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
163 Council managed S75 Servs	22,738	22,903	165	0.7%
313 NHS Trust managed S75 Servs	13,481	14,125	644	4.8%
476 Total S75	36,219	37,028	809	2.2%

## Explanation of Key Variances

Council managed S75 services (Learning Disability Services) are forecasting an overspend of £0.165 million. There is a pressure of £0.064 million on the community care budget and £0.101 million on in-house services due to staffing pressures and income shortfall on housing benefit/supporting people. Opportunities for further savings with the financial recovery plan continue to be explored together with continuing reviews, with the PCT, of sources of funding for placements.

NHS Trust managed S75 Services are forecasting an overspend of £0.644 million, due to two areas:

- Sussex Partnership Trust (SPT) – Mental Health & Substance Misuse are forecasting an overspend of £0.620 million, an increase of £0.462 million since month 4. The PCT have advised that all of the SPT 2007/08 carry forward of £0.799 million is required to pump prime health initiatives including the Access to Psychological Therapies health initiative. SPT is developing a financial recovery plan but much of this is not yet costed and only limited amounts (£0.066 million) is currently assessed as achievable in this financial year. The other main pressures are within Adult Mental Health due to increased demand and high cost placements within Nursing Care. In the light of the risk share agreement not having been finalised this leaves the Council with a potential shared financial risk. Urgent discussions with PCT commissioning and finance colleagues and SPT are being held over the next week to seek a resolution to the current and future financial positions.
- Sussex Downs Health Trust – HIV/AIDS, Intermediate Care and the Integrated Community Equipment Store (ICES) are forecasting an overspend of £0.024 million. The improved position is largely due to reduced commitment on equipment and staff savings within ICES due to improved management controls (e.g. equipment requisitions).

## Housing Revenue Account (HRA)

Forecast Variance Month 4 £'000	2008/09 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
<b>Housing Revenue Account</b>				
(223) Employees	9,023	8,644	(379)	-4.2%
86 Premises – Repair	10,834	10,941	107	1.0%
10 Premises – Other	2,782	2,946	164	5.9%
(68) Transport & Supplies	2,182	2,097	(85)	-3.9%
- Support Services	2,300	2,319	19	0.8%
- Revenue contribution to capital	3,385	3,465	80	2.4%
(17) Capital Financing Costs	4,941	4,908	(33)	-0.7%
26 Subsidy Payable	11,494	11,547	53	0.5%
(186) Net Expenditure	46,941	46,867	(74)	-0.2%
(25) Dwelling Rents (net)	(40,478)	(40,561)	(83)	-0.2%
26 Other rent	(1,209)	(1,211)	(2)	-0.2%
127 Service Charges	(3,292)	(3,533)	(241)	-7.3%
5 Supporting People	(550)	(559)	(9)	-1.6%
53 Other recharges & interest	(1,162)	(1,093)	69	5.9%
186 Net Income	(46,691)	(46,957)	(266)	-0.6%
<b>- Total</b>	<b>250</b>	<b>(90)</b>	<b>(340)</b>	<b>-136.0%</b>

## Explanation of Key Variances

The budget has now been increased by £0.250 million to reflect the net increase in the energy costs following the renewal of these contracts. This increase will be funded from useable general reserves as noted in the 2008/09 HRA Budget report approved by Council on 28<sup>th</sup> February 2008.

The forecast spend has decreased compared to the month 4 forecast and is now projected to underspend by £0.340 million by year end.

The main variances are:

- Salary costs showing a net underspend of £0.379 million from vacancy management of which £0.060 million is from the single status provision.
- Empty property repair costs £0.200 million overspend due to an increase in the average cost of repair per property from £2,300 to £2,600 for the first four months of the year. An action plan is being developed and will be implemented to achieve a reduction to £2,300 per property. The empty property overspend is partially

offset by service contract underspends of £0.162 million due to continuing with the existing contracts, which have a lower specification than the new contracts that had been budgeted for. (New contracts to be let for 2009/10)

- The corporate gas contract shown in other premises costs are expected to increase by £0.140 million however the majority of these costs will be passed to tenants through the heating service charges. A budget virement will be actioned to realign both income and expenditure budgets for month 7.

The income budget for Service charges to leaseholders is projected to overachieve by £0.240 million. Underachieved income on Major works recharges to leaseholders £0.126 million due to completion of contracts in time for this years billing to leaseholders being less than anticipated when setting the original income budget. This has been offset by higher than anticipated charges to lease holder service charges and an increase in income from the gas heating service charge.

## KEY ACTIVITY DATA SUPPORTING CORPORATE CRITICAL BUDGET FORECASTS

	Activity Indicator	Unit Cost Indicator	BUDGET			FORECAST			VARIANCE			
			Activity	Unit Cost/Income £	Budget £	Activity	Unit Cost/Income £	Actual £	Activity	Unit Cost/Income £	Variance to Budget £	
<b>Child Agency &amp; In-house Placements</b>												
Disability Agency	Number of children	Cost per week	8.0	1,822	757,900	7.9	2,153.7	882,100	(0.2)	332	124,200	
Disability Respite	Number of children	Cost per week	n/a	n/a	138,000	n/a	n/a	128,500	na	na	(9,500)	
Independent Foster Agency (IFA)	Number of children	Cost per week	94.0	890	4,350,600	93.3	884.9	4,305,800	(0.7)	(5)	(44,800)	
Residential Agency	Number of children	Cost per week	41.0	2,414	5,145,700	38.2	2,394.5	4,766,400	(2.8)	(19)	(379,300)	
Secure Accommodation	Number of children	Cost per week	1.5	5,154	402,000	2.2	4,186.3	481,100	0.7	(968)	79,100	
In-House Placements	Number of children	Cost per week	352.0	305	5,584,600	357.7	280.2	5,226,600	5.7	(25)	(358,000)	
Leaving Care Accommodation	Number of children	Cost per week	25.0	509	661,900	39.2	442.6	905,400	14.2	(67)	243,500	
Leaving Care Ex Asylum Seekers	Number of children	Cost per week	n/a	n/a	108,800	28.2	117.4	172,500	na	na	63,700	
Educational Agency (DSG budget)	Number of children	Cost per week	130.0	701	4,736,900	129.0	678.7	4,565,534	(1.0)	(22)	(171,366)	
											(452,466)	
<b>Sustainable Transport</b>												
PCN effect of Traffic Management Act	Number of PCNs issued	Average receipt per offence	127,145	(40)	(5,085,800)	131,849	(36)	(4,800,275)	4,704	4	285,525	
<b>Land Charges Income</b>												
	Local Authority Searches	Income per search	7,870	(115)	(905,050)	2,770	(115)	(318,550)	(5,100)	0	586,500	
	Personal Searches	Income per search	4,500	(11)	(49,500)	3,500	(11)	(38,500)	(1,000)	0	11,000	
											597,500	
<b>Concessionary Fares</b>												
	Number of journeys	Total cost divided by number of journeys	11,000,000	0.98	10,780,000	10,642,857	0.84	8,960,221	(357,143)	-0.14	(1,819,779)	
<b>Collection Fund</b>												
	Band D Equivalents	No of Band D Equivalents	95,255	(1,190)	(113,388,039)	94,029	(1,190)	(111,927,765)	(1,227)	0.00	1,460,274	
<b>Community Care</b>												
NHSc Older People	No. WTE Clients	Cost per week	1,671	200	17,438,000	1,777	190	17,618,000	106	(10)	180,000	
NHSc Physical Disabilities	No. WTE Clients	Cost per week	367	245	4,682,000	475	219	5,408,000	108	(26)	726,000	
NHSc No Recourse to Public Funds (AMH)	No. WTE Clients	Cost per week	72	128	477,000	92	121	577,000	20	(7)	100,000	
											1,006,000	
<b>Section 75 Learning Disabilities</b>												
S75 NHSc Learning Disabilities	No. WTE Clients	Cost per week	595	627	19,442,000	649	576	19,505,000	54	(51)	63,000	
<b>S75 NHS &amp; Community Care Act</b>												
S75 NHSc Adult Mental Health	No. WTE Clients	Cost per week	183	295	2,814,000	273	231	3,281,000	89	(64)	467,000	
S75 NHSc Older People Mental Health	No. WTE Clients	Cost per week	563	264	7,762,000	547	255	7,277,000	(16)	(9)	(485,000)	
S75 NHSc Substance Misuse	No. WTE Clients	Cost per week	4	471	101,000	9	471	222,000	5	0	121,000	
S75 NHSc HIV	No. WTE Clients	Cost per week	26	151	208,000	36	126	233,000	9	(26)	25,000	
S75 ICES	Equipment & Adaptations	Various rates for different type of equipment	-	-	653,560	-	-	700,260	0	-	46,700	
											174,700	

## PROGRESS AGAINST THE ACHIEVEMENT OF THE 2008/09 EFFICIENCY SAVINGS

	Budget £'000	Forecast £'000	Variance £'000	Explanation
<b>Adult Social Care &amp; Housing</b>				
Adult Social Care	(1,378)	(1,359)		19 Additional savings from Vernon Gardens offsetting current shortfall anticipated on homecare/daycare savings and brought-forward service pressure
Housing Strategy	(214)	(214)	0	
<b>Sub-Total</b>	<b>(1,592)</b>	<b>(1,573)</b>	<b>19</b>	
<b>CYPT</b>				
East Area, Early Years and NHS comm	(32)	(32)	0	
Central Area and Schools Support	(202)	(202)	0	
Learning & Schools	(71)	(71)	0	
West Area and Youth Support	(2)	(2)	0	
Specialist Services	(164)	(164)	0	
Quality & Performance	(30)	(30)	0	
<b>Sub-Total</b>	<b>(501)</b>	<b>(501)</b>	<b>0</b>	
<b>Finance &amp; Resources</b>				
Finance	(175)	(175)	0	
ICT	(150)	(150)	0	
Customer Services	(460)	(460)	0	
Property & Design	(90)	(65)		25 Delay in the sale of Windlesham Road, a key part of the accommodation rationalisation, has meant the move of staff from Edward House to the refurbished 3rd floor of Kings House has also been delayed. The full year saving will be realised in future years.
<b>Sub-Total</b>	<b>(875)</b>	<b>(850)</b>	<b>25</b>	
<b>Strategy &amp; Governance</b>				
Director	(40)	(40)	0	
Improvement & Organ Devel	(38)	(38)	0	
Legal & Democratic Services	(56)	(56)	0	
Policy Unit	(25)	(25)	0	
Human Resources	(55)	(55)	0	
<b>Sub-Total</b>	<b>(214)</b>	<b>(214)</b>	<b>0</b>	
<b>Environment</b>				
City Services	(400)	(400)	0	
Leisure	(20)	(20)	0	
Sustainable Transport	(475)	(352)		123 The 5 ex-leased car parks were not brought back in house until September 2008.
Public Safety	(30)	(30)	0	
City Planning	(10)	(10)	0	
<b>Sub-Total</b>	<b>(935)</b>	<b>(812)</b>	<b>123</b>	
<b>Cultural Services</b>				
City Marketing	(25)	(25)	0	
Libraries & Information services	(70)	(70)	0	
Royal Pavilion & Museums	(47)	(32)		15 Unachievable energy savings due to increase in gas and electricity contract charges
Arts & Creative Industries	(26)	(26)	0	
Economic Development & Regeneration	(73)	(73)	0	
Major Projects and Venues	(75)	(20)		55 Unachievable energy savings due to increase in gas contract charges
<b>Sub-Total</b>	<b>(316)</b>	<b>(246)</b>	<b>70</b>	

## PROGRESS AGAINST THE ACHIEVEMENT OF THE 2008/09 EFFICIENCY SAVINGS

	Budget £'000	Forecast £'000	Variance £'000	Explanation
<b>Section 75 : Learning Disabilities</b>				
Council Lead Learning Disabilities	(641)	(606)		35 Additional staffing resources to achieve specific FRP targets
<b>Sub-Total</b>	<b>(641)</b>	<b>(606)</b>	<b>35</b>	
<b>Health Led Section 75 arrangements</b>				
<b>SPT</b>				
Older People Mental Health	(176)	(176)		0 Significant pressure this year relates to 07/08 carry forward treatment
Adult Mental Health	(206)	(206)		0 Significant pressure this year relates to 07/08 carry forward treatment
Substance Misuse	(10)	0		10 Pressure across service
<b>SDHT</b>				
Intermediate Care	(53)	(24)		29 Balance of efficiency savings taken from HIV/AIDS
ICES	(14)	0		14 No efficiency savings taken
HIV/AIDS	(7)	(24)		(17) Overachievement but pressure on Asylum Seekers
<b>Sub-Total</b>	<b>(466)</b>	<b>(430)</b>	<b>36</b>	
<b>Total</b>	<b>(5,540)</b>	<b>(5,232)</b>	<b>308</b>	
<b>Housing Revenue Account</b>				
Employees	(308)	(308)		0
Supplies & Services	(93)	(93)		0
Repairs -Responsive/Empty Properties contract.	(1,450)	(1,250)		200 £300 Increase to empty property costs
Repairs - Gas Servicing Contract	(417)	(417)		0
Ground Maintenance	(61)	(61)		0
Reduction in Staff Accommodation charge	(40)	(40)		0
Increase in Garage and Car Park Income	(40)	(40)		0
Reduction in transitional protection from Supporting People charges	(40)	(40)		0
<b>Total</b>	<b>(2,449)</b>	<b>(2,249)</b>	<b>200</b>	

## CAPITAL OUTTURN SUMMARY

Variance month 4 £(000)'s	Directorate	Original Programme £(000)'s	Carried Forward £(000)'s	Changes to programme £(000)'s	Budget TBM6 £(000)'s	TBM6 Variations to this Cabinet £(000)'s	Revised Total Budget £(000)'s	Forecast £(000)'s	Variance month 6 £(000)'s	Forecast Variance %
0	Strategy & Governance	910			910		910	910	0	0.0%
0	CYPT	10,403	165	20	10,588	(1,701)	8,887	8,887	0	0.0%
0	Cultural Services	1,060	100	445	1,605	112	1,717	1,717	0	0.0%
0	Environment	11,632	236	1,553	13,421	643	14,064	14,064	0	0.0%
0	Finance & Resources	6,609	309	259	7,177	(75)	7,102	7,102	0	0.0%
0	Adult Social Care & Housing	5,820	271	(1,875)	4,216	2,876	7,092	7,092	0	0.0%
0	HRA	18,365	326	(1,602)	17,089	(2,923)	14,166	14,166	0	0.0%
0	Total	54,799	1,407	(1,200)	55,006	(1,068)	53,938	53,938	0	0.0%

**Notes**

5 The Original Budget included Corporate Items to be allocated of £1,750,000 which is shown in table 1 within Finance & Resources. The TBM6 Variations to this cabinet includes all the appendices attached to this report but not any capital schemes elsewhere on the agenda. Some new schemes are part funded by capital monies already in the capital programme.

**CAPITAL BUDGET REPROFILE REQUESTS**

Department:	Finance & Resources		
Project Name:	Corporate Accommodation & Energy Efficiencies		
Current budget:	£ 90,670	Proposed revised budget:	£45,670
Total budget change:	£ (45,000)		

The installation of energy efficiency measures as part of a project at Balfour Junior School has been delayed. The main construction project, a CYPT scheme funded from DCSF 'Primary Capital Programme' grant, has been put back a month, resulting in the ground source heat pump being installed in April rather than March 2009.

Department:	Housing (HRA)		
Project Name:	Leach Court Heating		
Current budget:	£ 400,000	Proposed revised budget:	£100,000
Total budget change:	£ (300,000)		

Due to insurmountable technical difficulties in providing joint CHP (Combined Heat and Power) heating to both Leach Court and the new extra care facility in the new Patching Lodge, Hanover have decided to provide their own independent heating source.

Officers are concerned that the current design and price for renewal of the heating system within Leach Court does not provide value for money and are seeking redesign and alternative prices. Due to the delay introduced by the redesign, implementation of the work is now likely to occur during adverse weather conditions and officers advise reprofiling of the project so that works likely to affect the heating service will not be carried out during the winter when heating is required.

Department:	Housing (HRA)		
Project Name:	Somerset & Wiltshire Structural Works		
Current budget:	£2,120,000	Proposed revised budget:	£393,300
Total budget change:	£(1,726,700)		

This scheme is for external envelope repairs to Somerset and Wiltshire High Rise blocks to maintain the exterior of the building. A Technical Survey has now been undertaken which has recommended providing overcladding in addition to simply repairing and waterproofing. Overcladding would significantly enhance the life of the structural integrity and waterproofing of the building. This improvement would also provide extra insulation which would ultimately benefit residents through reduced future heating costs.

Overcladding the block requires planning permission, which will therefore delay the project and the majority of the works will be in 2009/10. Tenders are currently being sought for this project. The current budget does not allow for overcladding so any additional funding required will be reported for approval as soon as this is identified.



Department:	Housing (HRA)		
Project Name:	Redecorations & Repairs		
Current budget:	£2,663,000	Proposed revised budget:	£1,800,000
Total budget change:	£(863,000)		

The two year programme for Cyclical Decorations and Repairs was approved on 3rd April 2008 with £2.5 million allocated to each year. This allocation was based on the assumption that an equal value of works would be programmed to each year.

The contract was awarded during 2008/09. The actual programme of works is now agreed and in progress, and the budget is being realigned to reflect the programme timetable provided by the contractor.

Department:	Housing (HRA)		
Project Name:	Estate Development		
Current budget:	£673,190	Proposed revised budget:	£540,000
Total budget change:	£(133,190)		

The Estate Development Budget is made up of a large number of projects that have been selected and approved by Area Panels. These projects are all at various stages in their project lifecycles including feasibility, awarding of contracts, projects being on site and completion.

Circumstances outside of the control of Housing Management is causing a delay in progressing some of the larger projects, such as issues surrounding raising additional funds from elsewhere to fund projects. Additionally, in some instances, there is a necessity to revisit bid proposals as a result of feasibility studies.

A forecast of spend in 2008/09 has been produced on a prudent basis taking these issues into account.

Department:	CYPT		
Project Name:	Children's Centre		
Current budget:	£300,000	Proposed revised budget:	£216,000
Total budget change:	£(84,000)		

The budget is being reprofiled to 2009/10 because some of the work can be funded from the Children's Centre carry forward from 2007/08. This funding is part of a £1.8 million three year programme for Children's Centres for 2008/2011.

Department:	CYPT		
Project Name:	Early Years Capital		
Current budget:	£1,062,300	Proposed revised budget:	£375,000
Total budget change:	£(687,300)		

The amount agreed for the allocation of the original DCSF grant was for £1,062,300 in 2008/09. The DCSF funding conditions allow the funding to be carried forward and not all of this funding will be spent in 2008/09 with a proportion being carried forward into 2009/10.

The priority for this financial year is to complete feasibility studies to identify how funding will be spent over the three year period of the funding. Time needed for planning, design and work taking place in school holidays means that it will not be possible to complete large projects, including the Peter Gladwin extension, this financial year. There is additional funding of £1,062,300 for both 2009/10 and 2010/11.

Department:	CYPT		
Project Name:	Devolved Capital		
Current budget:	£3,416,430	Proposed revised budget:	£2,507,470
Total budget change:	£(908,960)		

Devolved Formula Capital is a financial resource that is devolved to schools by the Local Authority. Schools have the option to accrue the money for a maximum of 3 years. However, accrued funds are normally retained by the LA. The current projected outturn figures represent the amount schools are anticipated to request by the end of the financial year. Should any school projects run faster than anticipated, funding would have to be made available

Department:	Adult Social Care & Housing		
Project Name:	Places for change programme		
Current budget:	£400,000	Proposed revised budget:	£300,000
Total budget change:	£(100,000)		

CLG has changed the profile of the funding for the programme. This funding is being used to redevelop First Base Day Centre (owned and managed by Brighton Housing Trust) and refurbish/remodel Palace Place.

As the refurbishment works at Palace Place have been more complicated than those at First Base Day Centre the change in the funding profile by CLG does not cause any issues for the overall project. As First Base Day Centre is further progressed with building works it will mean that more funding can be provided to them in 2008/09 than originally planned.

## CAPITAL VARIATION REQUESTS

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Project Title: Transport Opportunity Fund	Approved Budget: £36,940
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Directorate: Environment	Variation: £30,000
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Additional funds are required to support the adequate provision of cycle shelters and changing facilities at Council buildings, due to the increasing number of staff cycling to and from work.

The additional costs will be funded by a revenue contribution.

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Project Title: Car parks investment & improvements	Approved Budget: £2,010,000
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Directorate: Environment	Variation: £250,000
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An invest-to-save opportunity has been identified offering significant energy savings, ongoing maintenance savings and aesthetic improvements in relation to the mechanical ventilation system at Lanes car park. As part of the design & build contract for the refurbishment of Lanes car park an added value proposal has been made, outside of the original scope of works, to replace the existing system and reduce energy costs by over 70%. This would equate to savings of at least £28,000 per annum. The reduction in carbon emissions would make a big impact and demonstrate that the council is acting positively to meet its environmental objectives.

In 2007/08, the council spent £79,000 on electricity at the Lanes car park, of which around £30,000 was spent on powering the ventilation system. Consumption at the same level in 2009/10 would be closer to £40,000. The new system will reduce energy consumption by at least 70%, or £28,000 per annum. The existing system is very inefficient. It is 30 years old and the fans (which operate 24 hours a day) are nearing the end of their life. A recent dilapidations report forecast £190,000 of planned replacement/maintenance for the system over the next 10 years.

The cost of completely replacing the system would be £250,000. The works would pay for themselves through energy savings within 9 years at current rates and faster if energy prices continue to rise. In addition, significant savings would be realised through reduced planned maintenance costs.

An added benefit of replacing the existing ventilation system would be to free up a large amount of space, particularly headroom, by removing the existing ductwork and using a modern shunt fan system. This would give the car park a much more open feel and make it easier to keep clean.

The original scope of works allowed for basic repairs to the existing system. The idea to replace the entire system was suggested at a late stage and a feasibility study was commissioned to address the practicalities and Health and Safety issues. The results of that feasibility study were made available on 27<sup>th</sup> October.

The costs would be funded from the revenue savings on energy costs.

## NEW PROJECT APPROVAL REQUESTS

## New capital project approval

Project title: Cityparks green waste composting facilities in Stanmer Park	Total project cost: £63,250 Directorate: Environment
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**Purpose, benefits and risks**

City Parks have been liaising with the Environment Agency to improve the handling of green waste at Stanmer Park and increase the amount of green waste composted. To prevent any run off from the waste into ground water supplies, a concrete pad is required to place collected green waste ready for transfer to a composting facility.

The service put out to tender the management of its green waste and the most cost effective and sustainable solution is the construction of a concrete pad.

## Capital expenditure profile

	2008/09	2009/10	2010/11	2011/12	TOTAL
Revenue Contribution	£63,250				£63,250

## Financial implications

The project will be a one year cost funded from existing revenue budgets within City Services

## Whole Life Costing

	2008/09	2009/10	2010/11	Future annual costs
From Revenue Budget	£63,250			£0

## New capital project approval

Project title: SEEDA Funded Infrastructure works at Falmer      Total project cost: £5,226,000  
 Directorate: Environment

### Purpose, benefits and risks

These works are to improve the A27/A270 interchange at Falmer, to close the existing entrance to the University of Sussex on the A27 and to construct a new entrance from Stanmer Park Road to Sportcentre Road. All of these works are funded by SEEDA to improve the Academic Corridor. All these works meet the planning conditions set by the Secretary of State as part of the planning approval for the new Community Stadium at Falmer.

The necessary legal agreements between SEEDA, the club and the Council to secure the funding and to manage any cost overrun, should be signed by the end of October 2008. The agreements also allow for the unlikely event that should the club decide not to proceed with the stadium, then all of the fees incurred by the Council will be borne by the club. Any overspend will be funded by the football club.

SEEDA's principal reasons for funding these works include improved employment and learning capabilities within the Academic Corridor (included the proposed Falmer Academy), contributing to achieving key objectives' in the Council's Economic Strategy and supporting the development of the Community Stadium.

### Capital expenditure profile

Year	2008/09	2009/10	2010/11	2011/12	TOTAL
Estimated costs and fees	£300,000	£3,828,000	£1,040,000	£58,000	£5,226,000

### Financial implications

#### Spend Profile

Works	£4,698,000
Consultants	£453,000
Management Fees	£75,000
<b>Total</b>	<b>£5,226,000</b>

#### Funding

SEEDA £5,226,000 with any cost over run funded by the football club (by Agreement)

#### Revenue Implications

The maintenance liabilities of the new infrastructure will be absorbed into existing budgets and should need very limited maintenance in the short term.

### New capital project approval

Project title: Lifts

Total project cost: £ 100,000

Directorate: Housing and City Support

#### Purpose, benefits and risks

The Capital Budget Report approved by cabinet in April 2008 included an earmarked contingent sum in reserves for Lift Repairs of £100,000.

Officers seek the release of this contingency in order to fund the capital works that have arisen from the lift service contract. Additionally, two major breakdowns have occurred during this year, including one in a sheltered scheme, which require capital repairs.

#### Capital expenditure profile

	2008/09	2009/10	2010/11	TOTAL
HRA Reserves Contingency	£100,000	£0	£0	£100,000

## New capital project approval

Project title: Info System for Parents & Providers

Total project cost: £ 22,330

Directorate: Children and Young Peoples Trust

### Purpose, benefits and risks

#### **Purchasing the Evince database to ensure we are ready for the Information System for Parents and Providers (ISPP) national project.**

The Family information Service (FIS) has been using a database provided for free by the Department for Children, Schools and Families (DCSF) delivered by Opportunity Links. The funding for an updated database has now been devolved locally for FIS to purchase a database directly.

The FIS needs to purchase a new database ensuring that it complies with the following:

1) The new database is needed as the FIS database needs to be compliant with a new national ISPP system which will gather local information into a national aggregator.

2) The new database also needs to provide the information outlined in the Local Authority duty to provide Information, Advice and Assistance – Childcare Act 2006.

FIS applied and received approval for a waiver to purchase the database from the existing database supplier. The purchase of the Evince database from Opportunity Links represents best value for money for the following reasons:

Evince is very similar to the existing Ichis system

The current FIS data would transfer easily from Ichis to Evince

Reports and monitoring systems would transfer between systems

The whole FIS team are trained to use this system

The system works with and enhances the Family Services Directory (purchased last year from Opportunity Links)

Opportunity Links have experience of working with the DCSF and are making sure that their systems are compliant and interoperable with the Information Systems for Parents and Providers (ISPP) national project

This is a one off project and the capital costs cover the start up funding for the Evince database ensuring that there is a seamless transfer between the existing system and the new Evince system. Reports from other local authorities who have made this transfer have been positive and there has been minimal disruption to the service.

### Capital expenditure profile

Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	22,330	£0	£0	£ 22,330

### Financial implications

Funding to support procurement of an information system for parents and providers (ISPP) has been made available from the Department for children, schools and families. This ring fenced grant supports Local Authorities with the new information duties of the Childcare Act 2006 through the Information System for Parents and Providers by a capital grant of £22,330 and a revenue grant of £11,000.

## New capital project approval

Project title: Beech Cottage Improvement Works

Total project cost: £125,000

Directorate: Adult Social Care & Housing

### Purpose, benefits and risks

A Value for Money Review of the home care service directly provided by the council was completed in January 2008. One of the recommendations of the review was to create one office base for the home care service. Currently the service operates from 2 bases in the city (Hove Town Hall and Craven Vale). Various options have been explored to accommodate a single base but the only suitable council owned property available is Beech Cottage, Warren Road, Woodingdean. The move to Beech Cottage would result in one office base and would result in less duplication of services and therefore better value for money.

Relocating the Homecare service from Craven Vale provides the opportunity to convert the space vacated to create eight additional bedrooms which would help to ease the pressure of bed capacity in the city.

Beech Cottage has been vacant for some time and requires an estimated £125,000 of investment to bring it back to a reasonable standard for office accommodation including an estimated £33,500 for ICT and £83,500 for builders and mechanical & electrical work. This work must be completed urgently as the provision of the priority additional beds at Craven Vale is conditional on Beech Cottage being ready for Homecare to move in to.

### Capital expenditure profile

	2008/09	2009/10	2010/11	TOTAL
Mental Health Capital Grant	£125,000	£0	£0	£ 125,000

### Financial implications

The improvement costs for Beech Cottage are estimated to be £125,000 and this will be fully funded by utilising the Mental Health Capital Grant allocation for 2008/09. This grant funding can be spent on any capital purpose due to the freedoms arising from being a CSCI three star social services authority.

If the grant funding was not available these costs would have to be met from unsupported borrowing, which would mean annual borrowing costs in the region of £12,000 per annum to be met from the revenue budget.

The running costs of Beech Cottage are estimated to be in the region of £10,000 per annum and these costs have been allowed for as part of the budget strategy for 2009/10.

#### Whole Life Costing

	2008/09	2009/10	2010/11	Future annual costs
Running costs	£2,000	£10,000	£10,000	£10,000



## New capital project approval

Project title: Best Programme

Total project cost: £2,776,000

Project Manager: Martin Reid

Directorate: Adult Social Care and Housing

### Purpose, benefits and risks

Expenditure of the Council's share of the 2008/09 Private Sector Housing Renewal Grant allocation to the Brighton & Hove and East Sussex Together (BEST) local authority consortium in accordance with the provisions of the Regularity Reform (Housing Assistance) Order 2002 as detailed in the report to Housing Committee and approved on 10 September 2008.

Such expenditure to be targeted to the various forms of assistance identified as Policy Tools in the Council's Housing Renewal Assistance Policy and/or in accordance with the approved Home Safety and Security initiative and other relevant programmes.

Payment of the remaining £2,397,000 of the £5,173,000 Housing Renewal Grant allocated for the 2008/09 Brighton & Hove East Sussex Together (BEST) programme to the five East Sussex authorities in accordance with an agreed distribution.

### Capital expenditure profile

Year	2008/09	2009/10	2010/11	2011/12	TOTAL
Estimated costs and grant	£2,776,000				£2,776,000

### Financial implications

Grant aided expenditure of £2,776,000 of the BEST Housing Renewal Grant Allocation in accordance with the council's Housing Renewal Grant allocation.

### New capital project approval

Project title: Children's Social Care

Total project cost: £ 150,000 of which 50% is from CYPT and 50% from ASC&H

Directorate:  
Children and Young Peoples Trust

#### Purpose, benefits and risks

Adaptations are proposed to two properties, the first is a loft conversion and the second involves downstairs alterations to allow home care for a child with autistic spectrum disorder and severe epilepsy.

The placements fit with the strategic direction towards Friends and Families carers and away from expensive agency/residential placements.

Colleagues in ASC&H have agreed to share the cost.

#### Capital expenditure profile

Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	£150k in total- £75k each for the CYPT and ASC&H	£0	£0	£150,000

#### Financial implications

This is a one-off cost in terms of capital expenditure.

The sum will be funded as follows:

£43,000 Children's Social Care Capital Budget

£28,500 Adaptations budget in Children's Disability Service

£3,500 Family & Friends Revenue Budget

£75,000 Disabled adaptations capital budget within Adult Social Care & Housing

### New capital project approval

Project title:	Pavilion Security Control Room	Total project cost: £112,000
		Directorate: Cultural Services

#### Purpose, benefits and risks

##### Relocation of Royal Pavilion Security Control Room

The current security control is a hub of activity for the Royal Pavilion Estate. Its location is inappropriate to the functions it carries out and it is no longer fit for purpose to provide a modern security function. For example, staff and contractors needing to see duty security control room staff have to wait in the visitor admission area; this is not good practice and leaves visitors with a poor impression of how business is conducted. The need to relocate the control room was identified during an external independent review of security at the Royal Pavilion.

#### Capital expenditure profile

Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	£112,000	£0	£0	£112,000

#### Financial implications

The funding for this scheme is as follows:

Contribution from Capital Planned Maintenance Budget held within Finance & Resources £30,000  
 Pavilion Renewals Fund £60,000  
 Preston Manor Fund £17,000  
 Direct revenue contribution £5,000

## New capital project approval

Project title: Falmer Academy – provision of the Swan Centre and Caretaker’s Flat	Total project cost: £557,000 Directorate: Children & Young Peoples Trust
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### Purpose, benefits and risks

Agreement to this capital scheme will lever in £27.5m DCSF capital funding to enable a first class academy with state of the art ICT facilities to be provided over two phases, completing in 2011. To conclude the development of the Outline Business Case (OBC) process the council is required to agree that it will fund those parts of the Falmer Academy development that cannot be met by the DCSF. The DCSF are not able to fund the re-provision of the Swan Centre and the caretaker’s accommodation even though these are integral to the Academy proposal.

The Swan Centre is a valuable facility that provides help and assistance to children on the Autistic Spectrum who attend Falmer High School, The Academy Sponsor has indicated that he is very keen for this facility to be part of the Academy proposal. After exploring options for the possible re-location of the Swan Centre it was concluded that the facility should be retained within the proposed Academy which provides optimum benefits for students and the academy and supports the council's SEN Strategy. Consequently, the council is required to fund the provision of this space within the Academy and agree a Service Level Agreement with the Academy for the management of Swan Centre.

Funding has been identified for this development (which will form part of the Academy construction programme) from Targeted Capital Funding (TCF) allocated to Brighton & Hove City Council in the three year settlement notified in December 2007. This funding is provided to 76 local authorities in later waves of Building Schools for the Future (BSF) funding to enable those authorities to improve their secondary stock and the outcomes for young people prior to joining the full BSF programme. The funding is offered in the form of Supported Capital Expenditure (Capital) or SCE(C) which is a capital grant and means that there are no associated borrowing costs with the scheme. The total TCF allocation is £8m (£2m in 2009/10 and £6m in 2010/11). This project will leave £5.443m of the 2010/11 allocation available.

Currently, Falmer High School has two caretakers both of whom are provided with on site accommodation. This accommodation is provided as a service tenancy on the basis that it helps the caretakers in the performance of their duties. It also provides the school with a level of passive security outside the normal school day. The cost of this provision is also to be met from the TCF funding mentioned above.

This course of action was agreed in principle at Policy and Resources Committee on 7th February and 6th March 2008.

### Capital expenditure profile

Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	£0	£0	557,000	£557,000

### Financial implications

This is a one-off cost in terms of capital expenditure with no additional revenue capital financing implications. Financial risk in relation to this aspect of the academy development only will remain with the council and/or its contractor for the works.

The ongoing revenue costs for the provision of the two facilities will be a part of the overall academy budget. Detailed costings and service plans are still being developed but these replacement facilities are expected to be cost neutral and will be funded through the academy’s formula funding.