

## ITEM 44 ON THE AUDIT COMMITTEE AGENDA

### Appendix 1

#### People - Revenue Budget Summary

Forecast Variance Month 4 £'000	Unit	2011/12 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
-317	Commissioner - Children's Youth & Families	17,321	16,736	-585	-3.4%
21	Commissioner - Schools, Skills & Learning	10,386	10,328	-58	-0.6%
727	Delivery Unit - Children's & Families	39,335	39,751	416	1.1%
431	Total Children's Services	67,042	66,815	-227	-0.3%
-92	Commissioner - People	1,898	1,671	-227	-12.0%
-169	Delivery Unit - Adults Assessment	49,332	48,939	-393	-0.8%
132	Delivery Unit - Adults Provider	14,546	14,674	128	0.9%
-129	Total Adult Services	65,776	65,284	-492	-0.7%
302	Total Revenue - People	132,818	132,099	-719	-0.5%

#### Explanation of Key Variances

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

##### Commissioner – Children, Youth & Families

There is an underspend of £0.646m in respect of residential agency placements resulting from lower than budgeted numbers of children placed and average unit costs. There is also a projected underspend of £0.319m on secure placements. However, this is a volatile service area with very high unit costs and one or two placements can have a significant impact on the budget position.

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 188.98 projected FTE placements. Despite a significant reduction in the number of Parent & baby placements during October the overspend is still projected to be £0.817m.

Following the service review of early intervention grant funded services an underspend in 2011/12 of £0.377m has been identified.

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
- 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 all of these savings have been achieved.

### **Commissioner – Schools, Skills & Learning**

There are underspends of £0.100m in home to school transport, £0.020m in the Ethnic Minority Achievement Service (EMAS) and £0.013m for Education Welfare assistants. The underspend on home to school transport reflects the continued reduction in the numbers of children being transported as well as the more favourable terms of the recently renegotiated contracts. This is offset by the 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.

### **Delivery Unit – Children & Families**

The corporate critical budget for agency disability placements is projected to overspend by £0.446m. The number of children with disabilities placed has increased over the last 12 months and now there are 18 children in placement compared with a budgeted level of 11 places.

Allowances and direct services for adopted children are currently projected to be overspent by £0.252m by the end of the year. This is predominantly caused by inter-agency adoption costs, where the Council belongs to a group of local authorities to obtain the best matches for adoptive parents. The net costs of these adoptions are then recharged between the group members and this year it is anticipated that BHCC will have a large net liability. This is a very volatile service area and may be subject to significant changes during the year.

At the present time there is a projected overspend of £0.150m agency spend on social workers, but this is subject to considerable variation. 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

There is also a small overspend of £0.039m predicted on the corporate critical budget for services to care leavers.

The overspends mentioned above are partially off-set by the underspend of £0.302m in the corporate critical budget for in-house placements. The budget allows for 416 FTE placements of differing types and the current numbers are 21.41 FTE below this level. This is mainly due to less residence order and family & friends placements than budgeted. The average unit costs are slightly higher than budgeted mainly as a result of the mix of different placements with fewer children in the lower cost placement types (e.g. residence order & family & friends placements). There are also underspends of £0.096m on services for unaccompanied asylum seeking children and £0.080m for Sure Start services.

### **Commissioner - People**

There is a forecast underspend of £0.227m, largely as a result of staff savings identified and one-off income streams of £0.090m. This is an improvement of £0.135m from Month 4.

### **Delivery Unit – Adults Assessment**

Assessment Services are reporting an underspend of £0.393m (an improvement of £0.224m from Month 4), due to savings against the Community Care budget. The main reason for the improvement is within Learning Disabilities where growth has been less than expected, leading to a reduction of approximately 12 WTE clients from Month 4.

There is a significant underspend of £0.394m against Older People (80 WTE clients less than budgeted) offset by a pressure on Physical Disabilities of £0.413m (10 WTE clients more than budgeted). There are also underspends of £0.235m and £0.062m against Learning Disabilities and No Recourse to Public Funds (NRPF) respectively.

The forecast assumes delivery of the outstanding £0.130m against the financial recovery plan. Across mainstream services there is an underspend of £0.114m, largely 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 £0.128m, due a variety of factors including a reduction in grants and inflationary pressures on income targets (approx. £0.300m) and staffing pressures linked to a workforce review. The pressures on grant reductions have been largely offset by a review of clients supported to cover level of need and ensure 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

Forecast Variance Month 4 £'000	Unit	2011/12 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Delivery Unit - Children's & Families	508	508	0	0.0%
0	Commissioner – Schools, skills & Learning	29,263	29,263	0	0.0%
0	Total Children's Services	29,771	29,771	0	0.0%
0	Delivery Units – Adults Provider	30	30	0	0.0%
0	Delivery Unit - Adults Assessment	876	876	0	0.0%
0	Total Adult Services	906	906	0	0.0%
0	Total Capital - People	30,677	30,677	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. This does not yet include additional funding of £1.478m announced on 3 November. The numbers of children needing primary school places has increased significantly. Ongoing works are progressing 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 bring 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

There are no new capital schemes since month 4 was reported to Cabinet.

## Variations

### Commissioner – Schools, Skills and Learning

#### **Portslade Aldridge Community Academy (PACA) (£12.514m)**

Further to the Cabinet report of 17th February 2011 work has continued on creating the Portslade Aldridge Community Academy. The new Academy opened in the existing buildings on 1st September 2011. The Department for Education (DfE) granted £12.7m to this project to allow for improvements and extension of the main Chalky Road site of the school. Work has also progressed with the preferred bidder on design development for the proposed new extension and the internal remodelling and refurbishment of the existing school buildings on the Chalky Road site. The Main Works building programme is scheduled to start in 2012/13. The construction is scheduled to be completed by September 2013.

### Delivery – Adults Assessment

#### **Cromwell Road Development and Telecare £0.177m**

The Adult Social Care Personal Social Services Capital grant for 2011/12 is £0.627m, of which £0.400m was allocated in the TBM2 report to Cabinet in July 2011. It is now proposed that the remaining £0.227m be allocated as follows: £0.150m to the Cromwell Road development and £0.077m (of which £0.050m is to be re-profiled to 2012/13) as additional Telecare and other equipment.

The proposed development at Cromwell Road is to convert a currently vacant basement property (formerly used as a Day Centre for people with learning disabilities) into two bedroom flats for use by people with learning disabilities. The remainder of the building is already used to house people with learning disabilities. This would provide additional local accommodation for people with complex needs and reduce the need to use out of area placements. This proposal is in accordance with the 3 Year Accommodation and Support Plan for People with Learning Disabilities that was approved by Adult Social Care CMM on 17th October 2011 and JCB on 14 November 2011 and the revenue implications are reflected in the Adult Social Care budget strategy currently being developed.

#### **Delivery – Adults Provider £0.010m**

An additional £0.010m is required for building works at Beach House that will be funded from revenue. This has been included in the TBM revenue projection figures for the Learning Disabilities Service.

## Slippage

#### **Adult Social Care IT Infrastructure Grant 2008-11 (£0.100m)**

Adult Social Care (ASC) has a series of projects in the pipeline, which are unlikely to commence this financial year. The projects help to support the modernisation of our services, VfM and the personalisation agenda. There is a capacity issue in both ASC and corporately to progress all these at once within 2012/13 so the Council needs to phase them in over the 18 months to March 2013. The unspent grant is unringfenced and can be carried over to 2012/13.

**Place - Revenue Budget Summary**

Forecast Variance Month 4 £'000	Unit	2011/12 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
107	Commissioner - City Regulation & Infrastructure	3,517	3,636	119	3.4%
115	Delivery Unit - City Infrastructure	25,126	25,172	46	0.2%
35	Delivery unit - Planning & Public Protection	5,491	5,442	(49)	-0.9%
(21)	Major Projects	317	296	(21)	-6.6%
236	Total City Regulation & Infrastructure	34,451	34,546	95	0.3%
137	Commissioner - Housing	16,892	16,862	(30)	-0.2%
158	Delivery Unit - Housing & Social Inclusion	299	469	170	56.9%
295	Total Housing	17,191	17,331	140	0.8%
531	Total Revenue - Place	51,642	51,877	235	0.5%

**Explanation of Key Variances****Commissioner - City Regulation & Infrastructure**

Sustainable Transport is forecasting an overspend against budget of £0.119m. Of this, £0.075m relates to a projected shortfall in income from recharging officer time to capital projects in Highway Engineering & Projects, and £0.030m is in respect of an expected contribution to Shopmobility. Of the remaining £0.014m overspend, £0.002m relates to a shortfall in income from advertising on bus shelters, £0.006m to Public Transport one off staff costs and the remainder to an overspend on Road Safety Education costs.

**Delivery Unit - City Infrastructure**

Parking Operations is now forecasting an underspend against budget of £0.004m, an improvement of £0.084m since month 4. There will be salary underspends of £0.080m due to vacancy management, and efficiencies in the removals service and other contract variations will lead to further expenditure savings of £0.015m. There has been a reduction in the level of on street pay and display income which is mainly mitigated by increases in permit income, but this has led to a shortfall against budget overall of £0.060m. There is an increase of £0.065m from penalty notices, due to concentrating enforcement in the areas most affected by poor parking. Income from the off street car parks reflects the poor condition of Regency Square Car Park which will be addressed by the agreed refurbishment works. The forecast for the HRA High Street Car Park has worsened by £0.008m as the car park has had to close for refurbishment works.

**City Clean** is predicting an overspend of £0.050m. This relates to savings to be achieved by the removal of a refuse crew that worked part time; that is not now to be made.

### **Delivery unit - Planning & Public Protection**

Development Planning is forecasting an underspend against budget of £0.064m due to vacancy management savings.

Public Protection is forecasting an overspend of £0.015m which is an improvement of £0.020m since month 4.

There is still a pressure due to increased vet and kennelling costs of £0.030m. In addition there is a forecast overspend of £0.020m in Civil Contingencies owing to additional costs at New England House. These are partially offset by additional Gambling Act revenue of £0.035m.

### **Major Projects**

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

### **Commissioner – Housing**

The projected underspend of £0.030m includes an under-spend in staffing costs of £0.125m partly offset by increased running costs of £0.073m in respect of enlarged and refurbished office space at Palace Place/Old Steine. We have been experiencing difficulties with recruiting homelessness officers to clear the backlog of applicants. We are currently working with HR to recruit specialist officers to fill these vacancies.

### **Delivery Unit – Housing & Social Inclusion**

The budget for Travellers is projected to overspend by £0.170m. This overspend is mainly due to costs for security (£0.120m) and for rubbish clearance (£0.054m). These costs are broadly similar to those incurred last year.

**Place – Capital Budget Summary**

Forecast Variance Month 4 £'000	Unit	2011/12 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Commissioner - City Regulation & Infrastructure	4,744	4,744	0	0.0%
0	Delivery Unit - City Infrastructure	4,436	4,307	(129)	-2.9%
0	Major Projects	1,142	1,142	0	0.0%
0	Total City Regulation & Infrastructure	10,322	10,193	(129)	-1.2%
0	Commissioner - Housing	5,488	5,488	0	0.0%
0	Delivery Unit - Housing & Social Inclusion (HRA Capital)	31,248	30,461	(787)	-2.5%
0	Total Housing	36,736	35,949	(787)	-2.1%
0	Total Capital - Place	47,058	46,142	(916)	-1.9%

**Critical Budget – Vehicle Replacement**

The budget for this scheme is £0.554m and is included within the total for the City Infrastructure delivery unit shown above. These vehicles have to be specially built and as such have a long lead time. Following a service review it is expected that some of the vehicles will be delivered in 2012/13. As a result, slippage of £0.650m into 2012/13 has been identified and reflected in the budget above.

**New Capital Schemes****Commissioner - City Regulation & Infrastructure****City Parks Developments funded by S106 £0.165m**

The City Parks S106 Developments are as follows:

**Fonthill Road / Newtown Road Junction £0.065m**

This preferred option allows for removing the existing build-outs at this junction, constructing new ones with improved radius's etc. & installing the new raised table.

**The Droveaway £0.044m**

Provision of a new footway on the South side & improve existing facilities for pedestrians & cyclists. The approx cost for the cycle lane improvements between the entrance to 'Legal & General' & Hove Park is £0.016m, which is inclusive of the above estimate.

**Nevill Road £0.030m**

Installation of new kassell kerbs to the Northern bus stop on the east side and construction of a new pedestrian refuge island adjacent to the greyhound stadium pedestrian entrance.

**Real Time Information Costs £0.028m**

Installation of Real Time Passenger Information at two bus stops.

## Delivery Unit – Housing & Social Inclusion. (HRA)

### Installation of solar panels to Council Homes £0.140m

The Government announced at the end of October 2011 that it will halve the current rate of 43p Feed In Tariff (FIT) to 21p for Solar Photovoltaic (PV) Panel schemes registered after the 12 December 2011. The full outcome of their review will be announced in January 2012.

In order to take advantage of the higher FIT rate and energy savings the council is able to link Solar PV panels to roofing works currently being undertaken in Woodingdean and deliver Solar PV installations to around 20 council homes by the deadline of 12 December 2012. The cost of the installations will be met within the existing Housing Revenue Account Capital Programme underspend mentioned elsewhere in this report.

## Variations

### Commissioning Unit – City Regulation Infrastructure.

#### Integrated Transport Schemes £0.388m and Safer routes to schools £0.007m

The following schemes will be funded from S106 arrangements.

Scheme Description	2011/12 £'000
Quality Bus Partnership Initiatives	266
Walking Facilities (dropped kerbs and tactile)	49
Cycle Parking	9
Urban (including Brighton Station Gateway)	3
North Street	3
Preston Road / Argyle Road	36
New Road / Church Street Junction	22
Travel Awareness	7
Total	395

## Delivery Unit – City Infrastructure

### St Ann's Well Gardens S106 (£0.100m)

There has been a delay in tendering for the replacement play area for St Ann's Well Garden, due to some unavoidable delays in finishing the Playbuilder project which has upgraded 26 other play area refurbishments in the city. The site is also very wet and has restricted access for machinery in winter so we have programmed the work for the Spring when the area should have dried out.

### The Level S106 Works (£0.288m)

This budget will be used as match funding for HLF/Big Lottery funding which if successful will only be available in the next financial year.

## **Commissioner - Housing**

### **Disabled Facilities Grant £0.123m**

The disabled facilities grant covers the cost of providing adaptations and facilities to disabled persons. Such grants are given by local councils under Part I of the Housing Grants, Construction and Regeneration Act 1996. The Department of Communities and Local Government have notified the Council of an increase in grant by £0.123m.

### **Local Delivery Vehicle (£1.006m)**

There was a delay of approx 6 months in entering an agreement with Brighton and Hove Seaside Community Homes Ltd (BHSC) to transfer 499 properties over 5 years. This delay has meant that only 57 properties will be transferred to BHSC in 2011/12. This is a reduction of 76 properties or 57% from the batching projections provided in June 2011.

### **Delivery Unit – Housing & Social Inclusion (HRA)**

#### **Health & Safety – Lift Replacement (£0.500m)**

Due to the timetable for procuring the long term lift maintenance and replacement contract the council has been unable to start the programmed work due under this contract. This work is due to start in January 2012 and will take approximately 32 weeks which means that an element of these works will not be completed in this financial year, 2011/12.

Lifts will be replaced in priority order and those which will be completed in 2012/13 have been identified as relatively reliable based on expert advice from our lift consultants, therefore there are no likely effects on the service delivery.

#### **Decent Homes Work – Windows (£1.276m)**

Court windows (£0.392m) – delays in the programme have occurred due to ensuring that value for money is received through the tendering process and due to the leaseholder consultation required as a result of the scope of the works.

Other North Whitehawk high-rise blocks (£0.884m) – delays have occurred with gaining planning permission and ensuring value for money through the tendering and specification process. Leaseholder consultation is required as per Kingfisher Court which contributes to the length of lead in time for programme delivery.

The delays are communicated with residents and other stakeholders through the Repairs & Improvement Partnership Core Group and other forums as required, and risk managed to ensure that any service delivery issues are understood and the impact mitigated.

#### **Energy Efficiency Works (£2.488m)**

Kingfisher Court cladding (£1.250m) – delays in the programme have occurred due to assuring that value for money is received through the tendering process and due to the leaseholder consultation required as a result of the scope of the works.

Structural repairs (various blocks) – these projects link to wider projects which are underway and ongoing, for example St James' House external works are delayed due to existing car park and boiler upgrades works (currently in progress) and potential planning requirements

Nettleton & Dudeney communal heating and boilers upgrade – works are delayed due to the complexity of the project, planning requirements and the link between these works and major external repairs due in 2012/13.

### **Citywide Loft Conversion and Extensions Programme (£0.100m)**

The extensions programme is part of a new initiative in partnership with housing management colleagues. Processes for selecting the most appropriate dwellings and households to benefit from extensions needed to be put in place before the programme could commence. There have been delays gaining relevant statutory permissions in some cases due to changes in regulations. Also gaining access to some properties to discuss needs have caused further delays.

### **Ainsworth House (£1.200m)**

The procurement stage of the project has taken 12 weeks longer than anticipated. This has meant that contract sums due to be released for construction in 2011/12 will now be released in 2012/13.

Ainsworth House is a design and build contract, where the council appoints a building contractor to provide a completed building to an agreed cost and programme. The council has always wished to transfer maximum risk to the contractor by ensuring we have a fixed price at the beginning of the contract so that the project delivers within budget constraints. In July, the selected contractors were unable to supply a fixed price tender and as a result the procurement team have been working to ensure contractors either take out or price the risk in their contract sums. This has taken an unanticipated 12 weeks while these points are clarified.

It is hoped that the impact of the delays in the procurement stage can be mitigated once a contractor is appointed and on-site. Completion is anticipated for winter 2012/13. The Grant allocation will not be affected.

## **Slippage**

### **Delivery Unit – City Infrastructure**

#### **Vehicle Replacement (£0.650m)**

See critical capital budget section in this appendix.

#### **Ex Leased car Parks (£1.314m)**

A revised scope for the major parts of this project (Regency Square and Trafalgar Street) was submitted to Cabinet on 22nd September. Additional time is needed to develop the Business Case. The project will deliver additional security, a more welcoming environment and better access.

**Hollingdean Depot (£0.437m)**

The following sets out the reasons for the slippage:

- The demolition of a building on site relating to administration offices which are still occupied by staff. The date for the building to be emptied ready for the demolition is still on hold. The costs relating to making good the surfaces/electrics are unknown until the demolition is completed.
- Awaiting the technology for the new alarm to be fitted. Phase 1 of these works is being completed for 2011/12.
- Waiting for the salt bay to reduce in size or for an alternative location to be found. The council is currently investigating other works to reduce the risk of underground water supplies being contaminated prior to major repairs being carried out.
- The works relating to the resurfacing and concrete slab are on hold until date of redevelopment of the site is known.

2011/12 £'000	2012/13 £'000	2013/14 £'000	Total £'000
613	362	75	1,050

**Delivery Unit - Housing & Social Inclusion (HRA)**

**Housing ICT (£0.135m)**

The Housing ICT Budget includes a programme for introducing a system called IDOX, an electronic document management (EDM) and workflow system to improve business processes and customer service across all housing offices.

It has now been confirmed that the council will continue to use the IDOX system and Housing Management can now start to implement the system across the housing offices which will include one housing office this financial year and three offices in 2012/13.

There is no impact on current service delivery at the Housing Offices from the delay of the implementation of this system. The introduction of IDOX across the Housing officers will facilitate and improve customer service delivery.

**Underspends**

**Delivery Unit – City Infrastructure**

**Lanes and London Road Car Park (£0.129m)**

The aim of this capital scheme was to preserve and enhance the Council's car park assets and protect their income generating potential. The Lanes Car Park project has come in under budget due to careful project management and a reduction in the scope of works.

**Delivery Unit - Housing & Social Inclusion (HRA)**

**Water Tanks (£0.720m)**

The original budget approved for 2011/12 for Water Tanks was £0.482m with a carry forward of budget from the previous financial year of £0.401m. At the time of setting the

capital programme budget the Housing Property & Investment team were in the process of procuring a long term contract for the maintenance and replacement of communal water tanks across the city. Therefore until the process had been completed it was deemed prudent to retain the existing Water Tanks capital budgets.

As a result of the procurement of the new water systems contract and the subsequent water system risk assessments it has been identified that there is not as much capital works required as initially estimated for this financial year or the requirement to use the previous years budget.

There is minimal impact on service delivery and the Water Tanks capital budget estimates for future years will be updated for approval within the Housing 2012/13 to 2014/15 Capital Programme report to Cabinet in February 2012.

### **Other small underspends (£0.067m)**

Door entry systems (£0.013m) and various overheads (£0.054m) take the total Housing Delivery Unit underspend to £0.787m.

## ITEM 44 ON THE AUDIT COMMITTEE AGENDA

### Appendix 1

#### Communities - Revenue Budget Summary

Forecast Variance Month 4 £'000	Unit	2011/12 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Commissioner - Communities & Equalities	3,446	3,446	0	0.0%
0	Community Safety	2,381	2,381	0	0.0%
0	Commissioner - Sports & Leisure	1,404	1,404	0	0.0%
0	Commissioner - Culture	2,039	2,039	0	0.0%
151	Delivery Unit - Tourism & Leisure	3,749	3,921	172	4.6%
151	Total Revenue - Communities	13,019	13,191	172	1.3%

#### Explanation of Key Variances

##### **Commissioner – Communities & Equalities**

The forecast for Month 7 is a break-even position.

##### **Community Safety**

The forecast for Month 7 is a break-even position.

##### **Commissioner – Sports & Leisure**

The forecast for Month 7 is a break-even position.

##### **Commissioner – Culture**

The forecast for Month 7 is a break-even position.

##### **Delivery Unit – Tourism & Leisure**

The forecast overspend of £0.172m, an increase of £0.021m from TBM month 4, relates mainly to two areas where there are risks on income achievement. On Seafront and Sports facilities the projected overspend is £0.022m relating to a predicted shortfall on income from seafront leases. On Venues the projected overspend is £0.116m which includes £0.075m in respect of an ongoing income risk against the Hove Centre, as last year, and £0.036m against the Brighton Centre based on confirmed business. The increase since TBM 4 mainly relates to a projected overspend of £34k across Tourism and Marketing. This is caused by pressures on partnership income and maternity cover costs. In all areas, actual and forecast income is closely reviewed and action is being taken to maximise any business opportunities.

## Communities - Capital Budget Summary

Forecast Variance Month 4 £'000	Unit	2011/12 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Commissioner - Sports & Leisure	744	744	0	0.0%
0	Delivery Unit - Tourism & Leisure	2,738	2,738	0	0.0%
0	Total Capital - Communities	3,482	3,482	0	0.0%

## Variations

### Delivery Unit – Tourism and Leisure

#### New Historical Records Office (£2.270m)

East Sussex County Council have now provided a cashflow schedule and agreed with Brighton & Hove a payment schedule which gives a far lower capital contribution in 2011/12. As a result, £2.270m needs to be re-profiled into future years. This has led to reduced capital financing costs which are referred to under Risk Provisions in the Corporate Budgets section of this appendix.

## ITEM 44 ON THE AUDIT COMMITTEE AGENDA

### Appendix 1

#### Resources & Finance - Revenue Budget Summary

Forecast Variance Month 4 £'000	Unit	2011/12 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
(71)	Delivery Unit - City Services	14,449	14,368	(81)	-0.6%
0	Housing Benefit Subsidy	(738)	(1,093)	(355)	48.1%
541	Resources	19,012	19,683	671	3.5%
(22)	Finance	6,106	5,991	(115)	-1.9%
0	Strategic Leadership Board	1,260	1,260	0	0.0%
448	Total Revenue – Resources & Finance	40,089	40,209	120	0.3%

#### Explanation of Key Variances

##### Delivery Unit – City Services

The forecast for Month 7 is an underspend of £0.081m, which is an improvement of £0.010m from Month 4.

##### Housing Benefit Subsidy

The corporate critical Housing Benefit budget is expected to generate an additional £0.355m in subsidy as local authority errors are predicted to be held below the government threshold and therefore attract additional subsidy. This is a large and complicated budget area and the forecast will be kept under review as new data becomes available from the Housing Benefit system over the remainder of the year.

##### Resources

The net overspend across Resources is £0.671m, 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. 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 significant corporate and service-led changes across the council with associated staffing implications. A recovery plan has been agreed and work has started to systemically reduce costs. A systems thinking review is planned across the service, which is expected to deliver efficiencies from 2013/14.

##### Communications (£0.111m overspend)

The forecast overspend of £0.111m is an improvement from the overspend of £0.459m in 2010/11 as a result of holding staff vacancies, a reduction in spend on City News, greater management of demand, more efficient procurement and revenue generated from greater

use of in-house design, print & sign functions. It may be possible to reduce the variance to £0.070m if the peak in work that is historically experienced in the final quarter can be completed within this financial year.

Total spend on communications continues to reduce across the organisation as a result of the work done to focus communications, improve consistency, reduce the number of communications suppliers and integrate communications from different parts of the council. Savings in service budgets are projected to be £0.421m against budget in 2011/12 in addition to the reduction in spending of £0.650m made in 2010/11. Total spend on communications across the council is now running below budget and continues to deliver better value to the organisation overall.

The advertising and sponsorship tender is on track to award contracts before the end of this financial year - as previously reported, due to uncertainty around the £0.250m savings in this financial year a risk provision of £0.250m has been allocated to this budget on a one off basis.

### **Property & Design (£0.265m overspend)**

Property & Design are forecasting a shortfall on rental income of £0.144m mainly due to lower than expected income from rent reviews. Property & Design will continue to secure the most advantageous rent settlements both for short term and long term gain in an increasingly difficult market.

The Open Market is transferring to the contractor in December and trade has declined leaving an income loss of £0.048m.

There is an income pressure of £0.073m in the print area due to a reduction in confidential Member printing and the cost of temporary cover for the Facilities and Premises Manager.

### **ICT**

The forecast for Month 7 is an overspend of £0.020m.

### **Legal & Democratic Services**

The forecast for Month 7 is an underspend of £0.025m.

### **Finance**

The forecast for Month 7 is an underspend of £0.115m. Within this, Audit are forecasting an underspend of £0.062m, largely as a result of staff vacancies now confirmed to the end of the financial year. There is also an underspend of £0.053m across Financial Services and Strategic Finance & Procurement.

### **Strategic Leadership Board**

The forecast for Month 7 is a break-even position.

## Resources & Finance - Capital Budget Summary

Forecast Variance Month 4 £'000	Unit	2011/12 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
0	Delivery Unit - City Services	204	204	0	0.0%
0	Resources	8,281	8,281	0	0.0%
0	Finance	195	195	0	0.0%
0	Total Capital – Resources & Finance	8,680	8,680	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 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 PV Implementation

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 were timed to take advantage of the Feed in Tariff available until 31st March 2012, however this is currently subject to a government review, the outcome of which will be announced in December 2011.

Each set of panels will generate green electricity for the sites they are installed upon. The overall effect of this 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. A programme of site surveys is currently underway to ascertain the solar photovoltaic capacity at each site and there are therefore no variations forecast.

## New Schemes

### Delivery Unit – City Services

#### Replacement of Coroner's Vehicle £0.050m

The Coroner's Transfer Service (CTS) has been operating for around 10 years now. The existing vehicle used by the service is now 5 years old and is starting to require additional maintenance and repair work. It is proposed that a new Coroners Transfer Service Ambulance is purchased, which will be a 4 wheel drive vehicle. Recent harsh winters have highlighted the need for a 4 wheel drive vehicle, to ensure safe travelling around the city for CTS staff. CTS work requires essential travelling whenever a call-out is received. Any new vehicle will be of ambulance standard in its design, and will comply with the current standards for vehicles purchased by the council, including emissions criteria.

## **Slippage**

### **Resources - ICT**

#### **City Planning Migration Project (£0.045m)**

It is taking longer than originally estimated to complete the data transfer. Payment to the supplier is staged according to the successful delivery of milestones within the project, with largest sum at full project acceptance. Some of these milestones have slipped into the early part of 2012/13.

#### **Customer Access (£0.060m)**

Due to the significant work involved in developing the Customer Access and ICT Strategies, there has been a delayed start in the procurements in this area. There is therefore a requirement to slip £0.060m into 2012/13 to accommodate this delayed start.

## ITEM 44 ON THE AUDIT COMMITTEE AGENDA

### Appendix 1

#### Corporate Budgets - Revenue Budget Summary

Forecast Variance Month 4 £'000	Unit	2011/12 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
100	Bulk Insurance Premia	3,009	3,069	60	2.0%
(380)	Concessionary Fares	9,660	9,280	(380)	-3.9%
185	Capital Financing Costs	10,427	10,582	155	1.5%
0	Levies & Precepts	166	166	0	0.0%
1,521	Corporate VfM Savings	(2,772)	(1,282)	1,490	53.8%
(1,550)	Risk Provisions	3,816	2,361	(1,455)	-38.1%
0	Other Corporate Items	(28,497)	(28,467)	30	0.1%
(124)	Total Revenue - Corporate Budgets	(4,191)	(4,291)	(100)	-2.4%

#### Explanation of Key Variances

##### Bulk Insurance Premia

The forecast overspend is £0.060m which is a decrease of £0.040m from month 4. This overspend relates to increased costs rather than volume of claims. The most significant increase is in claimant solicitors' costs and their success fees.

##### Concessionary Fares

The forecast underspend remains at £0.380m. This mainly relates to 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 has reduced by £0.030m to £0.155m as a result of increased income. This is because higher interest rates have been achieved, partly as a result of locking in some cash with a Local Authority on a longer term basis than previously. The overall overspend 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 7 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 savings are

identified and/or confirmed. 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.

- The implementation of other initiatives including Workstyles, Customer Service changes (mainly on-line developments) and many other service changes (e.g. some emanating from other Value for Money projects) have meant that the capacity to undertake Systems Thinking reviews at the same time has been severely hampered. Undertaking such reviews without the right commitment, capacity and support could do more harm than good to service quality and efficiency. The reviews are therefore behind schedule and will need to be carefully prioritised on those services that are in a position to take them forward effectively with full commitment. It is now expected that these reviews will be used to 'enable' services to deliver efficiency and other related savings in 2013/14.
- The achievement of the Management & Administration savings has been underpinned by a Voluntary Severance Scheme (VSS) which is now closed for the purposes of this saving. The outcome of the Scheme, in financial terms, indicates that approximately £0.960m has been achieved and £0.790m is uncertain at present. This is broadly in line with expectations as the VSS was not expected to achieve 100% of the savings required (£1.750m (revised) 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 may 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. Full-year savings in 2013/14 are subject to confirmation and further actions described above but currently stand at circa £2.5m against a revised target of £3.5m.
- 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, the anticipated cash savings will not now be realised due to changes to the Feed-in Tariff regime. There is however potential for future savings against Carbon Reduction Commitment (CRC) payments and the initiative will reduce the council's carbon footprint via the production of green electricity.
- 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 7, the level of 'uncertain' savings has improved by £0.050m to £0.200m. Further procurement reviews are continuing to close this gap over the remainder of the year.

### **Risk Provisions**

The overall position on Risk Provisions is an underspend of £1.455m which is a reduction of £0.095m from month 4. This is due to £0.125m being allocated to VfM savings and an increased underspend of £0.030m on financing costs for the new historic records centre.

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

## Appendix 1

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 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 £0.625m is being used on a one-off basis to offset the shortfall in the Advertising and Sponsorship contract income target (£0.250m) the VfM Phase 3 Stretch target (£0.250m) and VfM Management & Administration savings (£0.125m). There remains a further £0.125m available to offset adverse movements in the forecast between TBM 7 and outturn.

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 £0.330m 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.

## ITEM 44 ON THE AUDIT COMMITTEE AGENDA

### Appendix 1

#### NHS Trust Managed S75 Budgets - Revenue Budget Summary

Forecast Outturn Month 4 £'000	Unit	2011/12 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %
162	NHS Trust managed S75 Services	14,175	14,223	48	0.3%
162	Total Revenue - S75	14,175	14,223	48	0.3%

#### Explanation of Key Variances

(Note WTE = Whole Time Equivalent)

#### NHS Trust Managed S75 Services (£0.048m overspend)

There is a pressure of £0.379m on the Mental Health Community Care budget, where WTE client numbers are approximately 20 more than budgeted. A financial recovery plan (FRP) has been developed to focus on reducing the pressure, particularly against long-term placement spend and a project is underway to review the high-cost placements. The current forecast assumes delivery of FRP targets of £0.025m between now and the end of the financial year. Savings of £0.283m 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 £0.048m reported.

Sussex Community NHS Trust is forecasting a breakeven position, which is an improvement of £0.069m from Month 4. Within this, there are staffing pressures identified within the Intermediate Care service (£0.094m) and pressures on the equipment budget within the Integrated Community Equipment Store (ICES) (net £0.058m pressure) due to an increase in demand. These have been offset by savings of £0.153m against the HIV budget. The first meeting has been held to help develop a management action plan for ICES based on current trends and monthly budget meetings are also taking place for Intermediate Care.

## ITEM 44 ON THE AUDIT COMMITTEE AGENDA

### Appendix 1

#### Housing Revenue Account - Revenue Budget Summary

Forecast Outturn Month 4 £'000	2011/12 Budget Month 7 £'000	Forecast Outturn Month 7 £'000	Forecast Variance Month 7 £'000	Forecast Variance Month 7 %	
	<b>Housing Revenue Account</b>				
(227)	Employees	9,187	8,816	(371)	-4.0%
(220)	Premises – Repair	11,031	10,960	(71)	-0.6%
23	Premises – Other	3,070	3,119	49	1.6%
(80)	Transport & Supplies	2,037	1,908	(129)	-6.3%
(18)	Support Services	2,195	2,188	(7)	-0.3%
-	Third Party Payments	54	54	-	0.0%
-	Revenue contribution to capital	3,778	3,778	-	0.0%
(113)	Capital Financing Costs	4,268	4,145	(123)	-2.9%
-	Subsidy Payable	14,710	14,724	14	0.1%
(635)	Net Expenditure	50,330	49,692	(638)	-1.3%
-	Dwelling Rents (net)	(44,213)	(44,222)	(9)	0.0%
-	Other rent	(1,240)	(1,205)	35	2.8%
-	Service Charges	(3,354)	(3,307)	47	1.4%
-	Supporting People	(465)	(484)	(19)	-4.1%
(21)	Other recharges & interest	(1,058)	(1,034)	24	2.3%
(21)	Net Income	(50,330)	(50,252)	78	0.2%
<b>(656)</b>	<b>Total</b>	<b>-</b>	<b>(560)</b>	<b>(560)</b>	

#### Explanation of Key Variances

The forecast outturn for 2011/12 is an underspend of £0.560m, compared to a forecast underspend of £0.656m at Month 4. Further analysis of the forecast outturn variances are as follows:

- The employees budget is forecast to underspend by £0.371m compared to an underspend of £0.227m at month 4. Of this, £0.227m relates to TUPE costs for Property & Investment staff not being required as the final costs were less than originally forecast and fully paid in the last financial year. There are further underspends due to vacancies and reduced pensions costs within Property and Investment (£0.100m) and other areas of the service.
- The Premises Repairs forecast is an underspend of £0.071m compared to a month 4 forecast underspend of £0.220m. The underspend includes the following significant variances:
  - Service Contracts: A projected saving on the gas servicing and maintenance contract of £0.146m from the rebasing of the open book contract value, which reflects the achievement of savings during the last financial year. There is a

further underspend (£0.040m) on the cost of fire alarm servicing and call-outs. This has been offset by a forecast overspend on essential health and safety works to water tanks of £0.090m.

- A reduction in the overhead costs for the Repairs Partnership contract of £0.059m resulting from efficiencies in the contract.
- A reduction in the costs of repairs to empty properties by £0.146m due to a reduction in the number of empty properties.
- A projected overspend on responsive repairs of £0.250m which is partly due to works amounting to £0.165m that were undertaken in the last financial year but have been charged to this financial year (It should be noted that the responsive repairs underspend last year was £0.300m). There has also been an increase in the volume of responsive repairs as a result of works being undertaken to satisfy tenants and make good existing facilities where surveys to tenants' homes indicate decency criteria have been met and a new kitchen or bathroom is not considered necessary.
- The Premises-other budget is forecast to overspend by £0.049m compared to an overspend of £0.023m at month 4. This variance relates to the following:
  - A recent review by the Council's insurance team has identified a £0.329m recharge to the HRA in relation to the costs of repairing homes damaged by fire, flood etc. below the insurance excess of £25k. In recent years the number of cases of damage to dwellings has increased which has prompted the Council's insurance team to review how they charge the HRA. This recharge relates to costs borne over the last three years which were in excess of the budget. Provision (estimated at £0.120m) will be made for the additional on-going costs in the 2012/13 budget strategy.
  - A forecast underspend of £0.218m in relation to the accruals for gas and electricity. Prudent accruals were made in the last financial year that are no longer required under the new contractual arrangements.
  - A further underspend of £0.048m is forecast on the rental cost of the Housing Centre due to it opening later than expected this year.
- Transport & Supplies is forecast to underspend by £0.129m compared to a forecast underspend of £0.080m at month 4. This is mainly due to a reduction in the requirement for the provision for bad debt (£0.100m) 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 £0.123m due to reduced forecasts for repayment of debt compared to the original budget. The reduced interest rates also reduce the amount of subsidy allowance for capital finance costs resulting in an increased subsidy payable to the Government of £0.014m.

**ITEM 44 ON THE AUDIT COMMITTEE AGENDA**

**Appendix 1**