



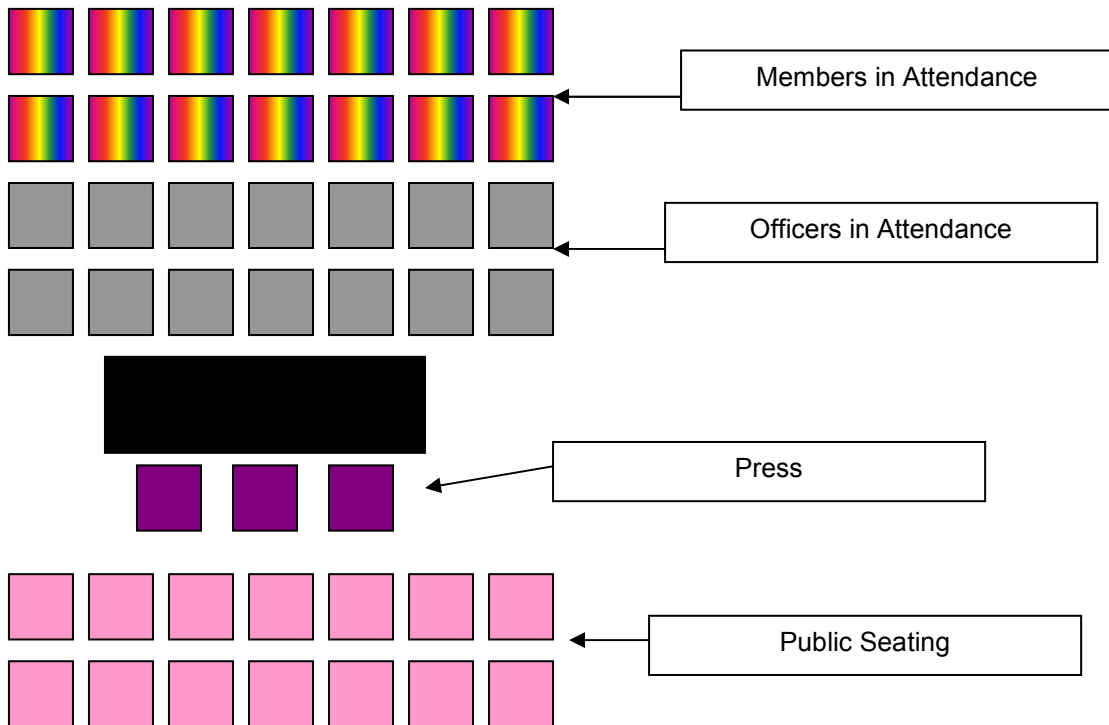
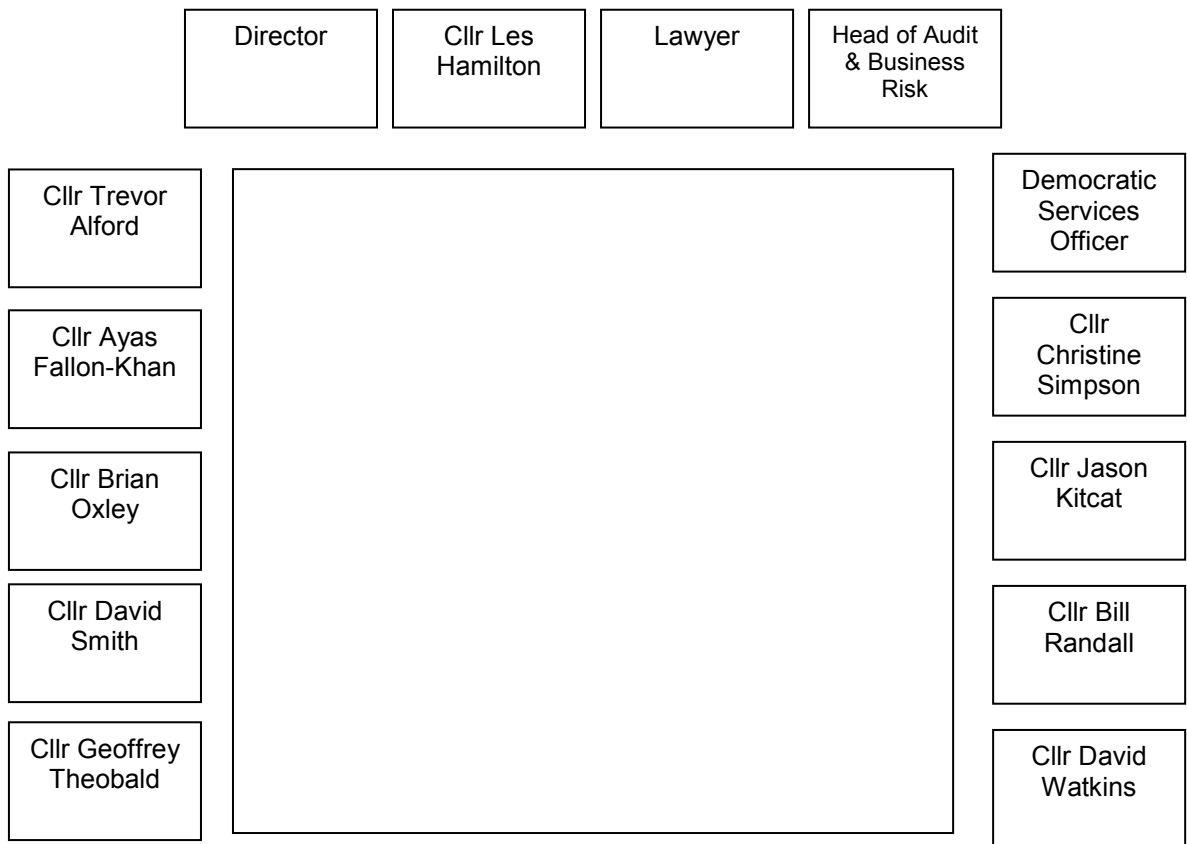
Brighton & Hove  
City Council

# Audit Committee

Title:	<b>Audit Committee</b>
Date:	<b>29 September 2009</b>
Time:	<b>4.00pm</b>
Venue	<b>Council Chamber, Hove Town Hall</b>
Members:	<b>Councillors:</b> Hamilton (Chairman), Watkins (Deputy Chairman), Alford, Fallon-Khan, Kitcat, Oxley, Randall, Simpson, Smith and G Theobald
Contact:	<b>Jane Clarke</b> <b>Democratic Services Officer</b> 01273 291064 jane.clarke@brighton-hove.gov.uk

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# Democratic Services: Meeting Layout



## AGENDA

### 20. PROCEDURAL BUSINESS

- (a) Declaration of Substitutes - Where Councillors are unable to attend a meeting, a substitute Member from the same Political Group may attend, speak and vote in their place for that meeting.
- (b) Declarations of Interest by all Members present of any personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct.
- (c) Exclusion of Press and Public - To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

*NOTE: Any item appearing in Part 2 of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.*

*A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.*

### 21. MINUTES OF THE PREVIOUS MEETING

1 - 10

Minutes of the previous meeting held on 30 June 2009 (copy attached).

### 22. CHAIRMAN'S COMMUNICATIONS

### 23. PETITIONS

No petitions received by date of publication.

### 24. PUBLIC QUESTIONS

(The closing date for receipt of public questions is 12 noon on Tuesday 22 September 2009).

No public questions received by date of publication.

### 25. DEPUTATIONS

(The closing date for receipt of deputations is 12 noon on Tuesday 22 September 2009).

No deputations received by date of publication.

## AUDIT COMMITTEE

### 26. WRITTEN QUESTIONS FROM COUNCILLORS

No written questions have been received.

### 27. LETTERS FROM COUNCILLORS

No letters have been received.

### 28. AUDIT COMMITTEE WORK PROGRAMME

11 - 18

Report from the Director of Finance & Resources (copy attached).

*Contact Officer:* Ian Withers *Tel:* 29-1323  
*Ward Affected:* All Wards;

### 29. AUDIT COMMISSION: ANNUAL GOVERNANCE REPORT 2008/09

Including Letter of Representation.

Report from the Audit Commission (copy to follow).

*Contact Officer:* Grahame Brown *Tel:* 0844 7986107  
*Ward Affected:* All Wards;

### 30. AUDIT COMMISSION: HEALTH INEQUALITIES ASSESSMENT REPORT

19 - 50

Report from the Audit Commission (copy attached).

*Contact Officer:* Grahame Brown *Tel:* 0844 7986107  
*Ward Affected:* All Wards;

### 31. TARGETED BUDGET MANAGEMENT (TBM) MONTH 4

51 - 84

Report of the Director of Finance & Resources (copy attached).

*Contact Officer:* Nigel Manvell *Tel:* 29-3104  
*Ward Affected:* All Wards;

### 32. AUDIT & BUSINESS RISK PROGRESS REPORT

85 - 90

Report of the Director of Finance & Resources (copy attached).

*Contact Officer:* Ian Withers *Tel:* 29-1323  
*Ward Affected:* All Wards;

### 33. RISK & OPPORTUNITY MANAGEMENT UPDATE

Report of the Director of Finance & Resources (oral report).

*Contact Officer:* Jackie Algar *Tel:* 29-1273  
*Ward Affected:* All Wards;

### 34. ICT RISKS - BUSINESS CONTINUITY

91 - 96

Report of the Director of Strategy & Governance (copy attached).

*Contact Officer:* Paul Featherstone *Tel:* 290433

## AUDIT COMMITTEE

*Ward Affected:* All Wards;

### PART TWO

**35. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING - EXEMPT CATEGORY 3 97 - 100**

Minutes of the previous meeting held on 30 June 2009 (Copy circulated to Members only).

**36. CORPORATE RISK MANAGEMENT ACTION PLAN FOCUS - EXEMPT CATEGORY 3 101 - 104**

Report of the Director of Finance & Resources (copy circulated to Members only; presentation).

*Contact Officer:* Robin Humphries *Tel:* 29-3928

*Ward Affected:* All Wards;

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Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

For further details and general enquiries about this meeting contact Jane Clarke, (01273 291064, email [jane.clarke@brighton-hove.gov.uk](mailto:jane.clarke@brighton-hove.gov.uk)) or email [democratic.services@brighton-hove.gov.uk](mailto:democratic.services@brighton-hove.gov.uk)

Date of Publication - Monday, 21 September 2009



### BRIGHTON & HOVE CITY COUNCIL

#### AUDIT COMMITTEE

4.00pm 30 JUNE 2009

COMMITTEE ROOM 1, HOVE TOWN HALL

#### MINUTES

**Present:** Councillors Hamilton (Chairman), Watkins (Deputy Chairman), Mrs Cobb, Fryer, Kitcat, Oxley, Pidgeon, Simpson and Smith

#### PART ONE

#### 1. PROCEDURAL BUSINESS

##### 1a Declarations of Substitutes

- 1.1 Councillor Cobb declared that she was substituting for Councillor Alford.
- 1.2 Councillor Pidgeon declared that he was substituting for Councillor Theobald.
- 1.3 Councillor Fryer declared that she was substituting for Councillor Randall.

##### 1b Declarations of Interests

- 1.4 Councillor Simpson declared a personal interest in item 18, Review of Corporate Management Action Plans (MAPS) 2009/10, arising from being involved with the Local Delivery Vehicle.

##### 1c Exclusion of the Press and Public

- 1.5 In accordance with section 100A of the Local Government Act 1972 ('the Act'), the Audit Committee considered whether the press and public should be excluded from the meeting during an item of business on the grounds that it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press or public were present during that item, there would be disclosure to them of confidential information (as defined in section 100A(3) of the Act) or exempt information (as defined in section 100I of the Act).
- 1.6 **RESOLVED** - That the press and public be excluded from the meeting during consideration of item 17, Non-Public Minutes of the Previous Meeting, item 18, Review of Corporate Risk Management Action Plans (MAPS) 2009/10, and item 19, Audit and Business Risk Annual Report and Opinion 2008/09, as these items were exempt under

Paragraph 3 of Schedule 12A of the 1972 Act (information relating to the financial or business affairs of the authority).

## **2. MINUTES OF THE PREVIOUS MEETING**

- 2.1 **RESOLVED** – That the minutes of the previous meeting held on 19 May 2009 are approved and signed by the Chairman as a correct record of the meeting.

## **3. CHAIRMAN'S COMMUNICATIONS**

- 3.1 The Chairman updated Committee Members on the training that took place on 15 June 2009, which discussed issues around good practice for Audit Committees and future planning of work.

## **4. PETITIONS**

- 4.1 There were none.

## **5. PUBLIC QUESTIONS**

- 5.1 There were none.

## **6. DEPUTATIONS**

- 6.1 There were none.

## **7. WRITTEN QUESTIONS FROM COUNCILLORS**

- 7.1 There were none.

## **8. LETTERS FROM COUNCILLORS**

- 8.1 There were none.

## **9. AUDIT COMMISSION PROGRESS REPORT - JUNE 2009**

- 9.1 The Committee considered the Progress Report for 2008/09 at June 2009 from the Audit Commission (for copy see minute book).

- 9.2 The Audit Commission Manager began by highlighting that this report was a short summary of progress to date for their audit year 2008/09. The accompanying appendices set out the work programme for the previous year and this year, but it was noted that not all deadlines had been met.

Work on the Good Governance report had been completed to draft stage, and was currently with Officers of the Council for consideration. It was due to be finalised and submitted to the next Audit Committee meeting in September 2009. The Audit Commission Manager went on to note that the 2008/09 Key Lines of Enquiry for the Use of Resources (KLOEs) now formed part of the Comprehensive Area Assessment (CAA) and would also be reported informally to the Committee for the September 2009



meeting. Formal publication of the Comprehensive Area Assessment would be in November 2009.

Work on the Value for Money and Use of Resources assessment was progressing well and being reported back to Officers. At an earlier Committee meeting the Audit Commission Manager had initially indicated that he would bring a report to Committee on the Waste PFI Contract, but there was very little to action from this review and so it would now form part of the overall Annual Governance Report for September 2009. A report on the Health Inequalities Assessment was currently being discussed with the Primary Care Trust and would be submitted to the September 2009 meeting of the Audit Committee.

- 9.3 Councillor Oxley asked about ongoing actions for the Health Inequalities Assessment as the table with the meeting papers did not make this clear enough. The Audit Commission Manager apologised that there was some missing data from the report and stated that it referred to an action plan that was to be drawn up after consultation with partners. Councillor Oxley stated that this action plan would be useful for Members to see, and the Audit Commission Manager agreed to circulate it to Members when ready.

## **10. SUPPLEMENTARY FEE LETTER 2008/09 AUDIT**

- 10.1 The Committee considered the Supplementary Fee Letter 2008/09 from the Audit Commission (for copy see minute book).
- 10.2 The Audit Commission Manager began by stating that it was now a requirement for the Audit Commission to highlight to the Council any emerging risks from their audit processes.

Two risks had been highlighted this year: the Equal Pay Settlement and the valuation of the Council's buildings and land. The risks associated with the as yet unquantifiable cost of the Equal Pay Settlement, together with the complexity of the accounting practices needed to ensure this process was conducted properly, indicated that this was an emerging risk. The valuation of the Council's buildings and land was also deemed to be an emerging risk due to the current economic climate. These risks would be assessed and reviewed regularly by the Audit Commission to ensure the level of risk was in line with expectations. A report would be completed in September 2009 regarding their progress. Finally, the Audit Commission Manager stated that the Audit Fee, which had been set in 2008, would be likely to remain the same.

- 10.3 Councillor Kitcat asked if the emerging risk of the Equal Pay Settlement was associated with how the Council accounts for the payments rather than the actual cost of the risk. The Audit Commission Manager agreed that ensuring proper accounting practices was a large element of the risk, but also felt the Council needed to be aware of its financial status and to ensure good financial health. He added that it was not expected that Brighton & Hove City Council would be at a greater risk than other Councils in this regard.
- 10.4 Councillor Kitcat noted that the Audit Commission had not seen detailed accounting entries planned for the Equal Pay Settlement and asked if this should have been provided by the Council. The Audit Commission Manager replied that they would not

expect to see these in the normal course of events before the Statement of Accounts was completed.

- 10.5 Councillor Watkins expressed concern over the wording in the Audit Commission Supplementary Fee Letter that highlighted that detailed accounting entries had not been seen by the Audit Commission, and asked if this was a mistake on the part of Brighton & Hove City Council. The Audit Commission Manager stated that it was not, and that it was an unusual transaction, but being dealt with by Councils across the country in a similar way. Councillor Watkins felt the wording of the report could indicate to members of the public that Brighton & Hove City Council was intentionally withholding information from the Audit Commission. The Audit Commission Manager assured the Committee that this was not the case and that Brighton & Hove City Council was following the usual practice in this regard. He apologised for any ambiguity in the letter.
- 10.6 Councillor Oxley commented that it was good to hear that the Audit Fee was not expected to rise, and asked if Brighton & Hove City Council was treating the Equal Pay Settlement in a similar way to other authorities. The Audit Commission Manager stated that it was the Audit Commission's experience that this issue was being treated on a case by case basis, which was dependent on several factors including the financial position of the Council concerned and how they had elected to pay for it.
- 10.7 **RESOLVED** – That the Audit Committee notes the Supplementary Fee Letter 2008/09.

## 11. ICT RISKS - BUSINESS CONTINUITY

- 11.1 The Committee considered a minute extract from the Overview & Scrutiny Commission (OSC) held on 2 June 2009 regarding ICT Risks – Business Continuity (for copy see minute book).
- 11.2 The Chairman reminded members that this issue had been referred to the OSC by the Audit Committee for consideration on its work programme.

He noted the accompanying report at appendix 1, which dealt with the issues of ICT Risks to Business Continuity, but felt that the main issues over which the Audit Committee had originally expressed concern had not been dealt with properly, and suggested that the original referral to OSC had not been specific enough.

- 11.3 Councillor Kitcat asked if the referral to OSC had been the best course of action and felt it would have been helpful to Members to be provided with the ICT Business Continuity Plan referred to in the report, but not included with the accompanying documents. He was also unsure as to why ICT were investigating non-geographic numbering and felt further explanation was needed.
- 11.4 The Chairman agreed that many questions remained unresolved and suggested that the item be brought back to the next Committee meeting and for the ICT Officer responsible for the report to be requested to attend and answer questions.
- 11.5 Councillor Oxley felt the report was helpful but limited, and noted that minute 8.7 of the OSC minutes from 2 June 2009 suggested that a Members' Group to monitor progress

on ICT developments was to be set up. He felt that the Committee needed to know more information on this.

- 11.6 Councillor Watkins agreed that more information on the setting up of a Members' Group to monitor this would be useful, and noted that the Cabinet Member for Central Services had approached him recently in this regard. He felt strongly that those Members with detailed knowledge of ICT should sit on the group.
- 11.7 The Interim Director of Finance & Resources addressed Members and acknowledged that the Business Continuity Plan needed to be set out clearly, and the comments from OSC incorporated into the updated ICT strategy, which would be going to Cabinet, and hopefully seen at OSC beforehand. The strategy will look generally at ICT and the governance arrangements for this, and work to complete this would take place over the summer.

The Interim Director of Finance & Resources agreed that the Business Continuity Report that had been submitted to OSC had been brief, but the Officer responsible for the report had been available to answer questions at that meeting. He suggested that Committee Members from Audit Committee meet with the Assistant Director for ICT Services and go through the updated strategy in more detail.

- 11.8 Councillor Watkins agreed that Member input into development of the plan would be beneficial and the Chairman agreed, stating that the main concern was security. He felt there was continuing concern over the risk element of the plan, although recognised that some work had taken place to increase resilience.
- 11.9 Councillor Kitcat was still concerned that referring the item to OSC had not produced the desired effect and suggested that a referral to the Cabinet Member for Central Services would have been more beneficial.
- 11.10 The Chairman stated that when items came back to the Audit Committee, the Assistant Director/Head of ICT should be present to answer the Committee's questions.
- 11.11 Councillor Simpson believed that referring the item to OSC was the correct procedure, but agreed with the Chairman and felt the referral should have been more specific. She agreed that having an Officer present to answer questions at the next Audit Committee meeting would be useful to Members.
- 11.12 **RESOLVED** – That the Audit Committee notes the extract minute from the Overview & Scrutiny Commission, and that an item is added to the agenda for the next meeting to discuss ICT Risks – Business Continuity and a request made that the Assistant Director for ICT attend the next meeting.

## **12. TARGETED BUDGET MANAGEMENT PROVISIONAL OUT TURN TO 2008/2009**

- 12.1 The Committee considered a report from the Interim Director of Finance & Resources regarding Targeted Budget Management Provisional Outturn to 2008/09 (for copy see minute book).

- 12.2 Councillor Smith asked the Solicitor to the Committee for advice regarding whether he had a personal interest in this item as a Cabinet Member. The Solicitor confirmed that unless the Committee was being asked to make a decision on an item that he, as a Cabinet Member, had already made a decision on, he did not have either a personal or prejudicial interest.
- 12.3 The Assistant Director of Financial Services began by stating that this was the final report for the period 2008/09 and highlighted an under-spend of £2.4 million. The options considered by Cabinet for using this under-spend included increasing the Building Schools for the Future budget (BSF). Budgetary slippage was on target at below five per cent.
- 12.4 The Chairman noted that the National Concessionary Fare Scheme had been forecast at £9 million, but in fact had spent £5 million, and added that this was quite a significant windfall. He hoped that it would continue to be less of a burden than was originally expected.
- 12.5 Councillor Kitcat highlighted a thirty per cent increase in costs for the Policy Unit, and asked for an explanation of this. The Assistant Director for Financial Services stated that he would provide Committee Members with a detailed answer to the breakdown of this, but assumed it to be due to extra posts being created in the department.
- 12.6 Councillor Oxley stated it was reassuring to note that there were no long term under-spends in any department, and the Chairman agreed, stating that the slippage rate was regularly below five per cent.
- 12.7 **RESOLVED** – That the Audit Committee notes the content of the report on Targeted Budget Management Provisional Outturn to 2008/09.

### 13. STATEMENT OF ACCOUNTS 2008/2009

- 13.1 The Committee considered a report from the Interim Director of Finance & Resources regarding the Statement of Accounts 2008/09 (for copy see minute book).
- 13.2 The Chairman reminded Members that revised pages for the un-audited Statement of Accounts 2008/9 (circulated separately to Members, for a copy see minute book) had been tabled at the meeting.
- 13.3 The Assistant Director of Financial Services began by stating that the Audit Commission would be reporting back to the Council their opinion on the un-audited Statement of Accounts in September 2009. A Summary of Accounts would be produced in a more accessible format for members of the public, and published in City News in due course.
- 13.4 There had not been significant changes to accounting practices contained within the 2008 Statement of Recommended Practice (SORP) during the last financial year and therefore there were no significant changes to accounting policies to report. The accounts showed an improved revenue position with an increase in the underspend of £200,000 compared with the Provisional Outturn TBM report, while there were no changes to the Capital Outturn position. The Balance Sheet maintained a working balance of £9 million which is the level considered appropriate by the Chief Finance

Officer for a Council of this size and type. However, the Housing Revenue Account balance stood at £3.9 million, which was above the £2 million minimum recommended level. The Assistant Director for Financial Services confirmed that in financial health terms the Council therefore has the appropriate balances and reserves in place.

13.5 **RESOLVED** – That the Audit Committee:

1. Approves the Statement of Accounts for 2008/09 and notes that these are subject to audit;
2. Notes that actual revenue outturn for the Council for 2008/09 was an underspend of £3.308 million;
3. Notes the budget changes and future commitments totalling £2.500 million approved by Cabinet on 11 June 2009;
4. Notes that individual overspendings and underspendings will not be carried forward to 2008/09 and that the £3.308 million underspend has been transferred to General Reserves;
5. Notes that there was a deficit on the Housing Revenue Account for the year of £1.748 million; and
6. Notes the provisions and contingent liabilities included in the accounts.

14. **ANNUAL GOVERNANCE STATEMENT 2008/2009**

- 14.1 The Committee considered a report from the Interim Director of Finance & Resources regarding the Annual Governance Statement 2008/09 (for copy see minute book).
- 14.2 The Head of Audit & Business Risk began by stating that this was the second year that the Annual Governance Statement was presented in its current format, and that this was standard for this type of Statement. It followed a review of governance arrangements and he noted that although there were no significant issues arising, there are a number of actions for improvement. An updated action plan would be submitted to the Committee at a future point. The Annual Governance Statement would be signed by the Leader and the Chief Executive once adopted.
- 14.3 The Head of Audit & Business Risk referred to an Annual Report from the Audit Committee to Full Council. This is seen as good practice and carried out by a large number of Councils.
- 14.4 The Head of Audit and Business Risk stated that a self assessment toolkit to evaluate the effectiveness of the Audit Committee is available from CIPFA and it would be beneficial to use this for a review especially as the Audit Committee has been operating now for over a year.
- 14.5 **RESOLVED** – That the Audit Committee approves the Annual Governance Statement and that:
1. The Leader of the Council and Chief Executive are recommended to sign the approved Annual Governance Statement; and
  2. The actions arising from the review are noted.

**15. ASSURANCES FROM THOSE CHARGED WITH GOVERNANCE**

- 15.1 The Committee considered a letter to the Audit Commission regarding Assurance to Support the Financial Statements 2008/09, from the Chairman of the Audit Committee (for copy see minute book).
- 15.2 **RESOLVED** – That the letter of Assurance to Support the Financial Statements 2008/09 is noted.

**16. REPORT OF THE OUTCOME OF THE RISK AND OPPORTUNITY MANAGEMENT (ROM) PROGRAMME 2008/09 AND THE PROPOSED ROM PROGRAMME 2009/10**

- 16.1 The Committee considered a report from the Interim Director of Finance & Resources regarding the Outcome of the Risk and Opportunity Management (ROM) Programme 2008/09 and the proposed ROM Programme 2009/10 (for a copy see minute book).
- 16.2 The Risk & Opportunity Manager addressed the Committee and stated that Cabinet had approved a three year ROM strategy in July 2008, which provided for an annual ROM programme to be developed each year following reference to best practice guidelines, consultation, Audit Commission requirements and feedback from stakeholders. In particular, the Council had self-assessed and received critical friend analysis against BS 31100, and this had been incorporated into the ROM programme for 2009/10.

The 2008/09 programme had largely been achieved, with only Prize/Award, Contracts Guidance and LAA Risk Analysis not achieved. The Risk & Opportunity Manager noted that ROM guidance in business planning was still embedding, and so this had only been partially achieved. The 2009/10 programme included major changes to the ROM analysis software and overall improvements to the system.

- 16.3 The Chairman asked if the ROM training being offered to Members was for all Members of the Council, or just Audit Committee Members. The Risk & Opportunity Manager highlighted that this suggestion had come from the Member Development Working Group, where it was requested that training on risk and opportunity management would be made available to all Members at Group Meetings on a case-study basis.
- 16.4 Councillor Oxley asked if the new ROM software would make the risk analysis process less time consuming, and the Risk & Opportunity Manager agreed, stating that the current programme would be of benefit in this regard.
- 16.5 The Chairman suggested that the Audit Committee Members may need a more in-depth knowledge of how the new ROM software worked and the Risk & Opportunity Manager agreed to provide the Committee Members as soon as possible.
- 16.6 **RESOLVED** – That the Audit Committee:
1. Notes the outcome of the Annual ROM programme 2008/09; and
  2. Approves the future planned activity detailed in the Annual ROM programme 2009/10.

**17. PART TWO MINUTES - EXEMPT CATEGORY 3**

17.1 The Chairman was requested to approve and sign the non-public minutes of the meeting held on 19 May 2009.

**18. REVIEW OF CORPORATE RISK MANAGEMENT ACTION PLANS (MAPS) 2009/10 - EXEMPT CATEGORY 3**

18.1 The Committee considered a report from the Director of Finance & Resources regarding the Review of Corporate Risk Management Action Plans (MAPs) 2009/10 (for copy see minute book).

18.2 **RESOLVED** – That the Audit Committee notes the Corporate Risk Register and the Corporate Risk MAPs.

**19. AUDIT AND BUSINESS RISK ANNUAL REPORT AND OPINION 2008/2009 - EXEMPT CATEGORY 3**

19.1 The Committee considered a report from the Director of Finance & Resources regarding the Internal Audit Annual Report and Opinion 2008/09 (for copy see minute book).

19.2 **RESOLVED** – That the Audit Committee notes the overall opinion of the Head of Audit & Business Risk regarding the adequacy and effectiveness of the City Council's internal control environment for 2008/09.

The meeting concluded at 6.30pm

Signed

Chair

Dated this

day of





**Subject:** *Audit Committee Draft Work Plan 2009/10*  
**Date of Meeting:** **29 September 2009**  
**Report of:** *Director of Finance & Resources*  
**Contact Officer:** Name: **Ian Withers** Tel: **29-1323**  
E-mail: [ian.withers@brighton-hove.gov.uk](mailto:ian.withers@brighton-hove.gov.uk)  
**Wards Affected:** All

### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report sets out the draft work programme for consideration by the Committee.

#### 2. RECOMMENDATIONS:

- 2.1 That the Committee approves the draft work plan.
- 2.2 That the Committee requests the Head of Audit & Business Risk to keep work plan updated to reflect new items as they are identified.

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

- 3.1 In order to assist Members to identify and plan key areas of work for the Committee, a draft work programme has been prepared and is attached at Appendix 1.
- 3.2 The draft work plan sets out those reports currently known and considered appropriate to come to future Committee meetings. The work plan is intended to be a useful tool to ensure that issues for the Committee are identified in advance and are programmed in for the Committee to consider at the correct time. The work plan will be reviewed and updated regularly to reflect the Committees priorities and ensure it is able to fulfil its role contained in it's terms of reference. It will also assist in agenda planning for meetings.
- 3.3 The draft work plan shows agenda items under three categories:

Category A = Statutory or other implied requirement.  
Category B = Topics decided by the Committee.  
Category C = Other.

#### **4. CONSULTATION:**

- 4.1 The draft work plan has been circulated to appropriate officers and the Audit Commission for comments.
- 4.2 Members of the Committee are requested to give their comments on the work programme will be updated accordingly.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### **5.1 Financial Implications:**

There are no financial implications arising directly from this report.

*Finance Officer consulted: Patrick Rice                      Date: 16/09/2009*  
*Head of Financial Services – Corporate & Environment*

##### **5.2 Legal Implications:**

The inclusion in the work plan of the 2009/10 Statement of Accounts at the meeting scheduled for 30<sup>th</sup> June 2010, reflects the duty placed on the Audit Committee to consider the statement and following that consideration to approve them by resolution of the committee. The duty stems from Regulation 10 of the Accounts and Audit Regulations 2003. There are no other legal implications arising directly from this report

*Lawyer consulted: Oliver Dixon                                      Date: 16/09/2009*

##### **5.3 Equalities Implications:**

There are no direct equalities implications arising directly from this report.

##### **5.4 Sustainability Implications:**

There are no direct sustainability implications arising from this report.

##### **5.5 Crime & Disorder Implications:**

There no direct implications for the prevention of crime and disorder arising from this report.

##### **5.6 Risk and Opportunity Management Implications:**

Effective agenda planning with the use of the work plan will ensure that matters that require a decision by the Audit Committee are not missed and are dealt with in accordance with the relevant timescale.

5.7 Corporate / Citywide Implications:

There no direct implications for the prevention of crime and disorder arising from this report.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. Audit Committee Draft Work Plan 2009/10

**Background Documents:**

1. None

**Audit Committee Forward Work Plan 2009/10**  
**September 2009 – June 2010**

**Appendix 1**

Category A = Statutory or other implied requirement

Category B = Topics decided by the Committee

Category C = Other

Meeting Date	Agenda Item	Category	Decision Item Yes/No	Lead Officer/s
<b>29<sup>th</sup> September 2009</b>	Audit Committee Work Programme (Sept. 2009 – June 2010)	B	Yes	Ian Withers
	Audit Commission: Annual Governance Report 2008/09 (Including Use of Resources and Letter of Representation)	A	No	Helen Thompson & Grahame Brown
	Health Inequalities	A	No	Helen Thompson & Grahame Brown
	Targeted Budget Management (TBM) Month 4	B	No	Nigel Manvell
	Audit & Business Risk Progress Report	A	No	Ian Withers
	Risk & Opportunity Management Update	A	No	Jackie Algar
Part 2	Corporate Risk Management Action Plan Focus (3 Top Risks)	A	No	Jackie Algar
	ICT Business Risks - Verbal	B	No	Paul Featherstone
<b>15<sup>th</sup> December 2009</b>	Audit Commission Update and Audit & Inspection Plan 2008/09 and 2009/10	A	No	Helen Thompson & Simon Mathers
	Audit Commission Good Governance Report	B	No	Helen Thompson & Alex Orme
	Annual Audit Letter 2008/9	A	No	Helen Thompson
	Audit & Business Risk Progress Report	A	No	Ian Withers

**Audit Committee Forward Work Plan 2009/10**  
**September 2009 – June 2010**

**Appendix 1**

Category A = Statutory or other implied requirement

Category B = Topics decided by the Committee

Category C = Other

Meeting Date	Agenda Item	Category	Decision Item Yes/No	Lead Officer/s
	Progress on the implementation of agreed internal audit recommendations.	B	No	Ian Withers
	Annual Governance Statement 2008/09 - Action Plan Progress Update	A	No	Ian Withers
	Risk and Opportunity Management (ROM): Update	A	No	Jackie Algar
Part 2	Corporate Risk Management Action Plan Focus (3 Top Risks)	A	No	Jackie Algar
	National Fraud Initiative 2008/09 Outcomes	C	No	Ian Withers
	Fraud Analysis and Loss Measurement	C	No	Ian Withers
<b>30<sup>th</sup> March 2010</b>	Internal Audit Strategy and Annual Plan 2010/2011	A	Yes	Ian Withers
	Annual Effectiveness of System of Internal Audit	A	Yes	Ian Withers
	Audit Commission: Audit Plan 20010/11	A	No	Helen Thompson & Simon Mathers
	Audit Commission: Progress Report 2009/10	A	No	Helen Thompson & Simon Mathers
	Audit Committee Annual Report	A	Yes	Ian Withers
	Review of Audit Committee Effectiveness	B	Yes	Ian Withers
	Targeted Budget Management (TBM) Month 9	B	No	Nigel Manvell

**Audit Committee Forward Work Plan 2009/10**  
**September 2009 – June 2010**

**Appendix 1**

Category A = Statutory or other implied requirement

Category B = Topics decided by the Committee

Category C = Other

Meeting Date	Agenda Item	Category	Decision Item Yes/No	Lead Officer/s
	Counter Fraud Strategy Update	C	Yes	Ian Withers
	Risk and Opportunity Management (ROM): Update	A	No	Jackie Algar
Part 2	Corporate Risk Management Action Plan Focus (3 Top Risks)	A	No	Jackie Algar
<b>29<sup>th</sup> June 2010</b>	Statement of Accounts 2009/2010	A	Yes	Nigel Manvell
	Annual Governance Statement	A	Yes	Ian Withers
	Audit Commission: Progress Report 2009/10	A	No	Helen Thompson & Simon Mathers
	Audit Commission: Assurance from those charged with governance	A	No	Simon Mathers
	Targeted Budget Management Provisional Outturn 2009/10	B	No	Nigel Manvell
	Assurance from those charged with Governance	A	Yes	Catherine Vaughan
	Outcome of the Risk and Opportunity Management (ROM) Programme 2009/10 and Proposed Programme for 2010/11	A	Yes	Jackie Algar
Part 2	Corporate Risk Management Action Plan Focus (3 Top Risks)	A	No	Jackie Algar
	Counter Fraud Activities Annual Report 2008/10	A	No	Ian Withers
	Audit & Business Risk Annual Report and Opinion 2008/09	A	No	Ian Withers

**Audit Committee Forward Work Plan 2009/10**  
**September 2009 – June 2010**

**Appendix 1**

Category A = Statutory or other implied requirement

Category B = Topics decided by the Committee

Category C = Other





# Managing Health Inequalities

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## Phase 2

Brighton and Hove City Primary Care Trust

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Brighton and Hove City Council

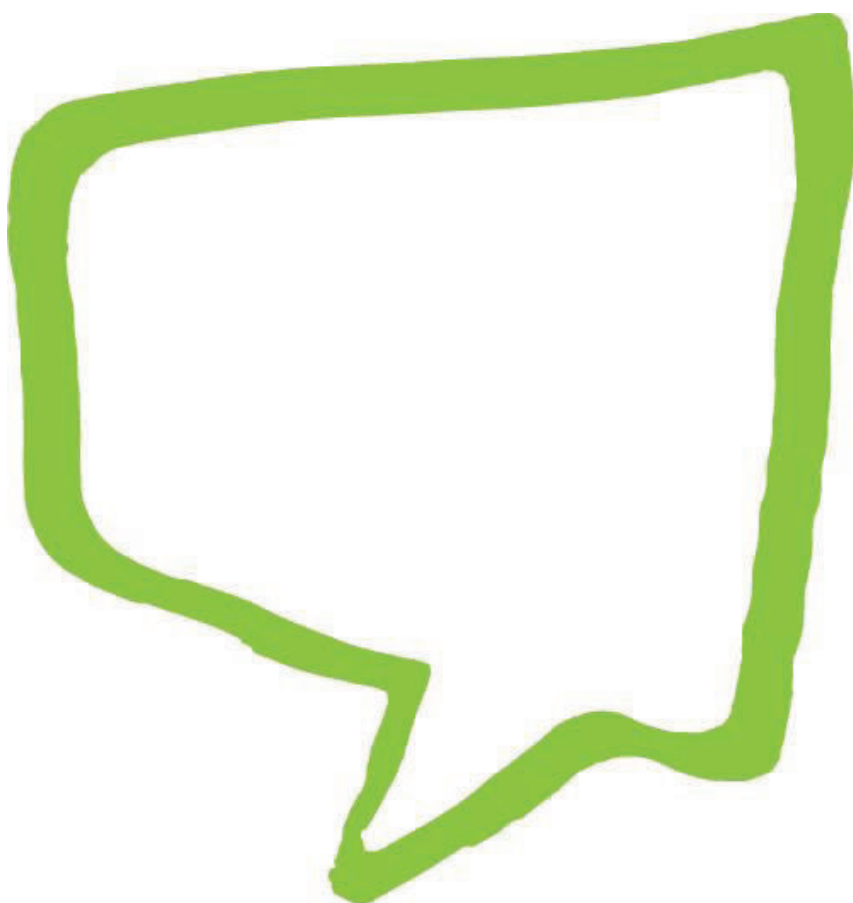
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Audit 2008/09

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September 2009

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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

# Introduction

- 1 Health inequalities exist when some groups of the population suffer from significantly greater ill-health (morbidity) and earlier death (mortality) than the average and other groups of the population. There are significant levels of inequality globally, in some parts of the UK, and varying levels in all areas of the UK.
- 2 There is national and international recognition for the need to tackle health inequalities collaboratively. The 'Health is Global' (2008) five year national strategy demonstrates the links between economy, prosperity and health. It sets out actions to:
  - 'improve the health of the UK and the world's population'; by
  - 'combating global poverty and health inequalities'.
- 3 Tackling health inequalities is a formal requirement both of local authorities and Primary Care Trusts (PCTs). The reform agenda, as set out in the 'Commissioning framework for health and well being', emphasises the need for:
  - 'joint strategic needs assessment by councils, PCTs and other relevant partners'; and
  - 'sharing and using information more effectively'.
- 4 Tackling health inequalities absorbs huge amounts of public money in both local government and health sectors. Securing optimum value for money from these combined resources requires effective joint working among the public sector bodies in order to achieve public service agreement (PSA) targets.
- 5 Comprehensive Area Assessment (CAA) is a new assessment framework for councils and their partners to be implemented in 2009. Proposals describe an area-wide assessment by the inspectorates considering outcomes for people in an area and a forward look at prospects for sustainable improvement. This assessment will look at how well local public services are delivering better outcomes for local people in local priorities such as health. In managing partnership relationships, public bodies need to have regard to the risks to delivery. This includes identifying local needs and addressing them. The way in which health inequalities may be experienced by vulnerable groups will be a key part of this assessment in 2009.

# Background

- 6 South East England is one of the healthiest regions in England with a comparatively well qualified workforce, low levels of unemployment and higher incomes. However, Brighton and Hove (B&H) presents a mixed picture when compared to England and the South East. For example:
- full-time workers in B&H gross weekly pay at £524.30 is greater than that of Great Britain (GB) at £479.20;
  - more people are receiving job seekers allowance in B&H at 4.3 per cent compared to 3 per cent in the SE and 4.1 per cent in GB;<sup>1</sup>
  - life expectancy in the SE was the second highest in England in 2007 at 77.7 years for men and 81.8 years for women;<sup>2</sup> and life expectancy in B&H is only slightly lower with only 17.5 per cent of local people reporting limiting long term illness.<sup>3</sup> However, this masks comparative inequalities in health outcomes between social groups and geographic areas.

## Deprivation

- 7 To address inequalities the government has established a number of national regeneration programmes (NRP) that prioritise action in the most deprived areas where health inequalities are greatest. One of these is based in Brighton. B&H has some of the most deprived areas in England as measured by super output areas (SOAs) using the Index of Multiple Deprivation (IMD) and these are mostly in the East of Brighton.

## Population

- 8 National Census information shows the people of B&H describe themselves as mostly white British (91.5 per cent), Christian (72.9 per cent) and with some of the lowest level of gypsy/travellers in England. Although we know there is a significant gay, lesbian and transgender (GLTG) population, there are no local statistics available for sexual orientation.
- 9 There are clear differences in the make up of the population of B&H that impact on health compared to other areas in the South East of England. For example B&H has:<sup>4</sup>
- the lowest proportion of 0 to 14 year olds (15.3 per cent); and
  - the highest proportion of 15 to 49 year olds (54.9 per cent) who represent the bulk of the economically active population (workforce) and the large student population associated with local universities.

<sup>1</sup> Source: the Office of National Statistics (ONS) 2008 estimates

<sup>2</sup> Source: *South East Coast SHA Health Inequalities Strategy, 2007*

<sup>3</sup> Source: *Department of Health SHA Health Inequalities Baseline Audit, 2007*

<sup>4</sup> Source: the Office of National Statistics (ONS) most recent population data - 2004 mid year.

## Background

### Key issues

- 10** Key issues currently affecting health outcomes in B&H include:
- high levels of non-decent housing in some parts of the city; as housing is the primary determinant impacting on health outcomes, we would expect housing to be the key focus of planning across B&H organisations;
  - some of the highest suicide rates in England, which are persistently high despite intervention and linked to substance misuse; a cross-organisational planning initiative during 2008/09 worked to establish a Suicide Prevention Strategy;
  - comparatively high levels of substance abuse – injectors; the Drug and Alcohol Action Team (DAAT) reported in 2005 that there were approximately 2,300 injecting users in the city, a higher rate than parts of inner London and the incidence of drug related deaths is amongst the highest in the country;<sup>1</sup>
  - the high level of injecting drug users also means HIV infection is a key health issue in B&H;
  - persistently higher rates of teenage pregnancy than the national average; and
  - an increase in sexually transmitted disease.
- 11** Brighton and Hove's Director of Public Health who is appointed jointly by Brighton and Hove City Council ('the Council'), Brighton and Hove City Teaching PCT ('the PCT'), provides strong leadership on the public health agenda.
- 12** In 2004, Brighton and Hove was designated a 'Healthy City' by the World Health Organisation acknowledging strong commitment by the Council, PCT and partners to reduce health inequalities (HI). The Healthy City phase four programme currently focuses on urban planning and Health Impact Assessment (HIA).
- 13** The Local Strategic Partnership (LSP) has identified 'improving health and well-being' as one of its strategic priorities in its Sustainable Community Strategy 'Creating the City of Opportunities'. It has adopted a Health Inequalities Strategy and City Health Development and Action Plans to target cross sector action on the wider determinants of health.
- 14** Consultants commissioned by the Council and its partners to assist the Public Services Board (PSB) and LSP have reported on policy options for the future to reduce inequality and undertaken a detailed analysis mapping where inequality is most acute.
- 15** The Local Area Agreement 2008 to 2011 (LAA) for Brighton and Hove includes a number of relevant national and local indicators. Lead partners include the Council, the PCT, the Children and Young People's Trust, the Sussex Partnership Trust, Police and Fire authorities. These reflect the recognition that partnership working across the sectors is essential in tackling the wider determinants of health and inequality.

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<sup>1</sup> Source: *Brighton and Hove City Council Corporate Assessment*, October 2006

- 16** The first phase of our review of Health Inequalities (HI) in Brighton and Hove was completed in May 2008. It found that the Council and the PCT have made good progress in establishing joint strategic arrangements to reduce HI. However, there is a high level of poor housing in Brighton and Hove and some health outcomes are persistently not improving and amongst the highest in England ie teenage pregnancy, drug and alcohol misuse, including smoking and suicide rates. People suffering poorer health outcomes are often also in housing need.

# Audit approach

- 17** We agreed with the Council and the PCT that Phase 2 of our health inequalities work would evaluate the effectiveness of cross-organisational working on health inequalities. In order to probe this effectively, we focused on housing, the primary determinant of health.
- 18** The local Strategic Housing Partnership, led by the Council, is in the process of drafting and agreeing a new housing strategy for 2009 to 2013. Subsidiary strategies, including those for homelessness and Supporting People, are already in place. Further partnership working takes place at a sub-regional level in the Brighton and Hove East Sussex Together Partnership (BEST), set up to tackle housing conditions particularly for vulnerable people.
- 19** Our review focus has assessed the effectiveness of partnership working in:
- identifying and addressing need;
  - consulting and engaging with local people;
  - working together to allocate resources and secure good outcomes;
  - sharing data for planning and monitoring;
  - establishing means to measure outcomes and impact; and
  - delivering on ambition.
- 20** We have carried out this work by:
- reviewing key strategies and supporting documents;
  - interviewing officers from the Council and the PCT; and
  - using a workshop at the Healthy Urban Planning Group (HUPG) to discuss our early findings with partner officers.
- 21** The presentation of findings and challenge questions which we used at HUPG in March 2009 is attached at Appendix 1.

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# Main conclusions

**22** The partners in Brighton and Hove are working well together, demonstrating a strong commitment to tackling inequalities. However, against a backdrop of a multitude of different needs and a diverse range of targets, some of which have poorly defined success criteria, there is considerable work still to be done. For example, the partners led by the Council and the PCT need to prioritise objectives, agree areas of joint action and the use of health and housing resources so as to have the maximum impact in reducing health inequalities in the City.

## Identifying and addressing need

**23** The local strategic partnership has effectively gathered a good analysis of local needs to inform planning. The Local Area Agreement (LAA) for 2009 to 2011 effectively identifies local need. It makes clear links to other key documents that show inequalities between the most and least deprived people living in Brighton and Hove. In particular, it draws on the Reducing Inequalities Review, a thorough analysis of local issues which gives local partners a clear understanding of priority needs for disadvantaged people and places.

**24** The draft housing strategy is clearly driven by the needs analysis. It is based on needs identified through the reducing inequalities review. Data was drawn together and presented on each of the themes in the strategy to identify local issues and to consult with stakeholders on headline goals and objectives. This means that the strategy aims to tackle important local issues.

**25** Supporting strategies effectively identify needs and propose ways in which they should be addressed. They focus positively on local health inequalities. The homelessness strategy refers to the Reducing Inequalities Review and highlights key target groups. The first objective is to 'provide housing and support solutions that tackle homelessness and promote health and wellbeing of vulnerable adults'. This references other work driven by the single homeless strategy and the supporting people strategy. The priority actions in support of this objective identify actions which are clearly focused on the housing and support needs of vulnerable groups. For instance, they include actions to support people with mental health needs, to tackle delayed transfers of care and for people with learning disabilities.

**26** However, some weaknesses were identified. Housing strategies do not define clear success criteria. The homelessness strategy, for instance, does not give a clear indication of the likely impact for vulnerable groups. The success of action for people with mental health needs is a reduction in homelessness due to mental ill health, without being specific and without linking to related impacts, such as reducing risk of suicide. It is therefore not clear how health inequalities will be reduced as a consequence.



## Main conclusions

### Recommendation

**R1** Define success criteria in housing strategies more clearly and with a sharper focus on outcomes for vulnerable people. This is a high priority that should be completed in six months. This is a high priority that should be completed within six months.

### Consultation and engagement

**27** The housing strategy has been informed by consultation with local people. Each planning group had representatives from stakeholders and the local community champions. In addition, there was some action to reach target groups. Service users in hostels were trained to carry out consultation sessions with other users. This enables real life issues to be brought into the setting of strategy.

### Working together

- 28** The awareness of the health inequalities agenda is well established in the City's partnerships. The LSP has emphasised the importance of Healthy City and this means a good impact in discussions at many levels. For instance, planning policy in the local development framework supports the way housing provision will address health inequalities, such as in setting minimum standards for development. All new homes in the City are required to be built to lifetime home standards so that they are adaptable to lifestyle changes such as the need for wheelchair access. This broad agenda creates the potential for impact across many services.
- 29** There is a range of fora which offer good opportunities for discussion of housing issues and health inequalities. At a high level, the Strategic Housing Partnership oversees this work and is chaired by the Leader of the Council. The partnership has not yet reviewed its objectives in light of the Health Impact Assessment findings and aims of the new Housing Strategy. The Healthy Urban Planning Group provides a good forum for discussion of detailed health issues that may emerge from proposed significant planning developments and a useful vehicle for highlighting the beneficial impacts that developments may have on reducing health inequalities. This has also been used to discuss housing strategy in its broader context. These fora are building awareness and understanding between partners of inequalities agenda.
- 30** Partnership working in developing housing strategy is good. For each element of the housing strategy, partnership development groups have been established with good representation from the PCT and the voluntary and community sectors. The Council is taking steps to maintain its involvement in implementation, for instance by allocating a monitoring and scrutiny role into the future. The involvement of many partners in its development offers the prospect of a good level of ownership in implementation.

- 31** However, the extent of the impact of this awareness and discussion on policy and practice is not yet fully developed. From our review, it is not clear how specific needs will be addressed in a shared way by partner organisations, nor how resources of separate organisations will be prioritised to address shared outcomes. Where we can judge some strengths in the housing strategy and its supporting plans, separation of function continues to drive action. For instance, there is little reference in the PCT's Strategic Commissioning Plan to the way in which action on housing needs can achieve health priorities. Although needs data has created an understanding that inequalities need to be addressed through a focus on people and place, there is no explicit response to this in the strategies we have reviewed. These indicators suggest that there is more to do to transfer a broad commitment into a robust method of sharing and prioritising resources and actions between partner organisations.
- 32** The sub-regional partnership, Brighton and East Sussex Together (BEST), is developing a broader focus to include health inequalities issues. The group has developed an approach to bidding for and sharing housing renewal resources. It is a positive example of partnership working in allocating the funding jointly. In addition, the partnership intends to use its new understanding around health inequalities to refocus its years 2 and 3 programme to achieve better health outcomes.

### Recommendations

- R2** Ensure that the roles and responsibilities of key partnership groups with input to housing strategy are clearly set out and understood; in particular, review and revise the objectives of the Strategic Housing Partnership and BEST to reflect the broader focus on health inequalities issues. This is a high priority that should be completed within six months.
- R3** Use partnership fora as a means to challenge further the way in which resources are allocated to address need, and challenge particularly how resources in health and local government can be focused to tackle needs. This is a high priority that should be completed within six months.

### Sharing data

- 33** The LSP has high quality shared data. The reducing inequalities review, in two phases, established a clear analysis of deprivation and inequalities experienced in the City. It has been used since to inform planning. The public health annual report also presents strong analysis of data. The LSP has a partnership data group which agrees approaches to the use of data by partners. And the LSP has created a local intelligence service called Brighton and Hove Local Information Service (BHLIS) which presents a range of data in one place, accessible to partners and available for analysis. Data is therefore a key shared resource for partners locally.

## Main conclusions

- 34** Data is not yet being used well to focus on outcomes. It is not clear from our review how strategies respond directly to specific data analysis, for instance by commissioning services to address specific needs identified and targeting services on deprived wards. Nor is it clear how well the shared data enables partners to agree targets and focus the use of separate resources. This might lead to the type of challenge where the partnership focuses extra investment in reducing teenage conceptions because of its potential to reduce demand for housing or other services. It is notable that BHLIS does not contain any of the LAA or other partnership targets. Therefore, though it offers a rich data source, it does not enable a focus on the desired or expected outcomes. Data is therefore confirming the current position rather than challenging future impact.

### Recommendation

- R4** Make shared data work harder by:
- making clear links to LAA targets and LSP planned outcomes; and
  - using it to analyse the way in which resources are allocated for maximum impact.
- This is a high priority that should be completed within six months.

### Measuring outcomes

- 35** The proposed measures of success in housing strategies are inadequate. The proposed success measures tend to be:
- general rather than specific, eg reduction in homelessness;
  - not clear about the health benefits of actions; and
  - not clear about the impact on people.

The supporting people strategy, for instance, does not set specific and measurable indicators of success. The success criteria tend to focus on general reductions in homelessness, street drinking, delayed discharge, and many more - without being specific about what will be achieved. The integrated pathways of care are referenced - but the involvement of health services is not clear and beneficial health outcomes are not identified. For instance, in providing a range of actions to promote independent living for people with mental health needs and physical disabilities, the measures focus on reductions in homelessness and delayed discharge, without being clear of the health benefits to individual service users. In this respect, it is difficult to have a sense of priority and an understanding of impact on health inequalities.

- 36** The health impact assessment (HIA) of the housing strategy is a strong demonstration of the commitment to reducing health inequalities in addressing housing need. The HIA is an impressive attempt to cover all the factors that interact between housing and health and relates these to the various component parts of the draft housing strategy. The HIA contains many recommendations but these have not yet been developed as a prioritised SMART Action Plan whose implementation can be monitored by the partners.

- 37** Partners are innovative in the use of HIAs for proposed major local developments. The Council and its partners have commissioned health impact assessments of significant developments. The HIA for Brighton Marina is a very good example of a socio-environmental model of HIA and demonstrates that the PCT and the Council are offering a best practice initiative to developers in Brighton. However, the HIA does not contain an economic impact assessment of the development proposed, for instance in calculating the consequential financial impact of health changes resulting from development.
- 38** The extent of future use of HIAs by the partners is unclear. There is some doubt about the capacity and the capability of the PCT to continue to offer this service in the long term. The use of consultancy is costly without demonstrating specific benefits.

### Recommendations

**R5** Review the success measures in the draft housing strategy and supporting strategies to ensure that they:

- are SMART and clearly prioritised;
- offer assessment of health impacts; and
- show outcomes for people and how needs are addressed/reduced.

This is a high priority that should be completed in six months.

**R6** Use the HIA of the housing strategy to develop an action plan. This is a high priority that should be completed within six months.

**R7** Have a clear policy on future use of HIAs, including the assessment of economic impact. This is a medium priority that should be completed within six months.

### Delivering on ambition

- 39** Strategies are now in place, though it is too early to establish whether they are effective. Some actions are being delivered by partners, for instance in the GP practice provision for homeless people. However, more work is required to define the expected impact of key strategies and to establish methods of measurement. In our presentation to HUPG, we emphasised that to ensure delivery of ambitions, the challenge for partners may be encapsulated in the following questions.
- Is there an agreed set of priorities which will test your achievement over time in reducing health inequalities?
  - Do your people understand these priorities?
  - How will you measure success in addressing needs?
  - By what means will you measure impact in the short term?
  - How challenging are your targets?
  - How do you plan to deal with the economic downturn?

## Main conclusions

### Recommendation

- R8** Consider holding a workshop for key partners to address the challenge questions relating to delivery of ambitions ie:
- is there an agreed set of priorities which will test your achievement over time in reducing health inequalities;
  - do your people understand these priorities;
  - how will you measure success in addressing needs;
  - by what means will you measure impact in the short term;
  - how challenging are your targets; and
  - how do you plan to deal with the economic downturn?
- This is a medium priority that should be completed within six months.

### Follow up of phase 1 recommendations

**40** In phase 1 of our health inequalities work we made two recommendations.

**41** The first recommendation has been completed. We recommended:

**Ensure the City Council scrutiny committee receive regular health inequality reports to improve understanding of local health inequality issues and thereby support appropriate challenge.**

The PCT presented a report on health inequalities to the Health Overview and Scrutiny Committee last autumn. This was timed to coincide with the requirement to produce a Joint Strategic Needs Assessment and in accordance with World Class Commissioning requirements.

**42** The second recommendation has been partially achieved. We recommended:

**Include health inequality outcomes in performance reports to demonstrate progress against investment and to indicate if plans have produced effective health outcomes and value for money.**

The PCT has increased its performance monitoring in general using its Programme Office approach and close monitoring by its Delivery Board. Inequality targets such as reducing teenage pregnancy and smoking in particular have been subject to regular scrutiny. More work is required for the PCT to be able to demonstrate value for money from its investments in reducing health inequalities.

### Recommendation

- R9** Consider the best way in which to report the achievement of value for money from investments in reducing health inequalities. This is a high priority that should be completed within six months.

# Way forward

- 43** We have made nine recommendations for improvement in this report. They are included in an Action Plan at Appendix 2. The Council and the PCT have responded to the recommendations. This response is shown at Appendix 3.
- 44** We will follow up on the Action Plan in the course of our future audit and assessment work with the organisations, and as part of our Area Assessment work.

# Appendix 1 – Feedback presentation

## Health inequalities – phase 2

Brighton & Hove CC/PCT  
Healthy Urban Planning  
Group

23<sup>rd</sup> March 2009



Marius Kynaston, Stephen Dowsett, Norma Christison  
Performance Team, South East



## Agenda

- In Phase 1 of our work on HI we found:
  - The PCT and City Council have a history of working in partnership and have made good progress in establishing joint strategic arrangements to manage HI.
  - However, not all targets were SMART, and although Performance reporting at both the PCT and Council is improving some areas of weakness remain.
  - We are currently following up the recommendations from Phase1
- In Phase 2 we have evaluated the effectiveness of cross-organisational arrangements to address HI and deliver the outcomes agreed by partners, in particular in relation to housing especially for vulnerable people
- .This is a presentation of initial findings  
... and some challenge questions

2 B&H HI Phase 2



## Strategy: identifying need

- High quality analysis of “Reducing Inequalities” provides sound basis for planning
- Housing strategy based on good needs data

### Challenge:

- Is there direct response to the data provided? E.g. in commissioning services to address specific need identified; targeting services on deprived SOA
- Do partners have shared priorities of need?
- Are resources invested to best effect?  
E.g. does extra investment in reducing teenage conceptions potentially reduce housing demand?

3 B&H HI Phase 2



## Strategy: addressing need

- Draft Housing Strategy / Homelessness Strategy
  - Both tell the story really well of what is the need and how will we address it
  - But the expected outcomes and success criteria are not always clear

### Challenge

- Are partners confident that there is a golden thread within and between the organisations and their plans?
- Is there a shared understanding and prioritisation of outcomes?
- Is the intent to reduce health inequalities adequately reflected in the housing strategy?
- Does the PCT's Strategic Commissioning Plan have due regard to housing?
- Will the strategy drive actions by the partners?

4 B&H HI Phase 2





## Strategy: consultation

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### Consultation on housing strategy

- Processes are good
- Good stakeholder involvement

### Challenge

- **What examples are there of impact of consultation on policy and strategy?**

---

5 B&H HI Phase 2



## Partnership working

- 
- Developing shared agenda on housing role in addressing health inequalities
  - Recognition that partners are on a journey: getting better at identifying shared issues

### Challenge

- **HI agenda is known but not always clearly understood – could it be used more to challenge custom and practice?**

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6 B&H HI Phase 2



## Partnership working

- Good range of partnership forums

- Healthy City Group and LSP at high level
- Strategic housing partnership
- Healthy urban planning group
- Partnership groups on the housing strategy themes

Challenge:

- **Strategic Housing Partnership – responsibilities and objectives not clear**
- **BEST targeting of resources – too much emphasis on spending the money rather than targeting its impact?**
- **Are partners clear of their respective roles in delivery given that this is not always explicit in the plans?**

7 B&H HI Phase 2



## Data quality and information

- High quality shared data

- Reducing inequalities – phase 1 and 2
- PH annual reports

- Positive action taken to share data through the SCS and BHLIS

Challenge

- **How effectively is the data used to drive outcomes?**
- **In terms of health inequalities and housing what gaps exist in the data and how do you plan to address?**
- **BHLIS data is not linked to targets – a weakness?**

8 B&H HI Phase 2



# Health impact

## • Health Impact Assessments

- Positive about the commitment
- HIA recommendations for Draft Housing Strategy need to be SMART if they are to have impact
- HIAs lack health economics perspectives – absence of cost benefit analysis means its difficult to demonstrate VFM

## Challenge

- **Why no health economics analysis – measuring impact and VFM of action for vulnerable groups and cost benefit analysis?**
  - What is the most valuable thing we are not doing?
  - What is the least valuable thing we are doing?
- **Do you know what resources each partner is applying to specific health / housing initiatives in each locality aimed at reducing inequalities?**

9 B&H HI Phase 2



# Measures of success

## • Success measures in housing strategies are:

- General and not specific, e.g. reduction in homelessness
- Not clear about the health benefits of actions
- Not clear about the impact on people

## Challenge

- **How can you develop more SMART indicators?**
- **Mix of long and short term outputs and outcomes?**
- **Greater focus on health impacts for people?**
- **Do you know your priority outcomes?**
- **Given the quality of needs data, will you measure success in reducing need?**

10 B&H HI Phase 2



# Achievement

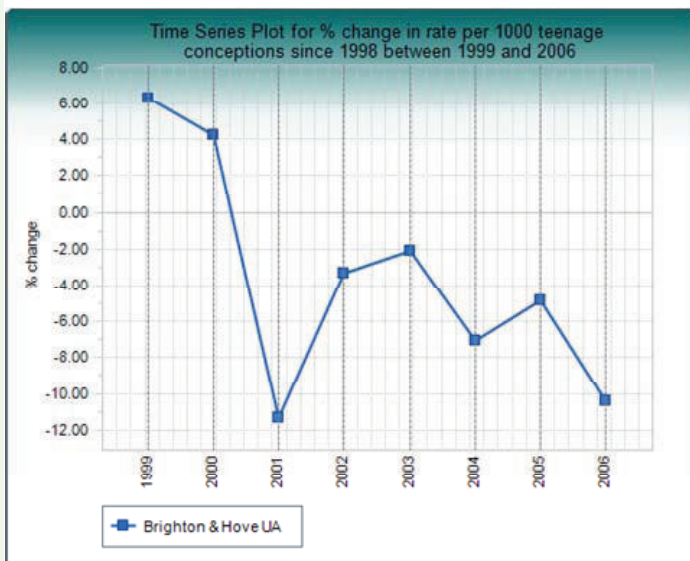
## Challenge

- Is there an agreed set of priorities which will test your achievement over time in reducing health inequalities?
- Do your people understand these priorities?
- How will you measure success in addressing needs?
- By what means will you measure impact in the short term?
- How challenging are your targets (some examples follow)?
- How do you plan to deal with the economic downturn?

11 B&H HI Phase 2



## NI 112 – Teenage Conceptions



**Target Reductions**

- 2008 -28%
- 2009 -36%
- 2010 -45%

12 B&H HI Phase 2



## NI 141: Percentage of vulnerable people achieving independent living

- This indicator is being led by Brighton & Hove City Council & Strategic Housing Partnership.
- It measures the number of service users (i.e. people who are receiving a Supporting People Service) who have moved on from supported accommodation in a planned way, as a percentage of total service users who have left the service
- This indicator has been selected in 70 LAAs
- The LAA Baseline is 65% Subsequent targets are:
  - 2008/9 – 66%
  - 2009/10 – 67%
  - 2010/11 – 68%

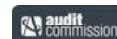
13 B&H HI Phase 2



## Next steps

- NOW - opportunity to comment and respond on the challenge questions.
- We will take on your views in order to develop a draft report

14 B&H HI Phase 2



# Appendix 2 – Action plan

Recommendation	Priority	Link to evidence	Link to relevant standards	Positive outcome expected (savings, reduced risks, better value for money)	Consequences of failing to implement recommendation	Cost of recommendation (where significant)	Date reported to the Board/Council	Officer responsible	Implement by when
R1 Define success criteria in housing strategies more clearly and with a sharper focus on outcomes for vulnerable people.	High	Housing strategies do not define clear success criteria. The homelessness strategy, for instance, does not give a clear indication of the likely impact for vulnerable groups.	UoR KLOE: 2.2	Better outcomes	Inability to monitor success	None	June 2009	Housing Strategy Manager	December 2009
R2 Ensure that the roles and responsibilities of key partnership groups with input to housing strategy are clearly set out and understood; in particular, review and revise the objectives of the Strategic Housing Partnership and BEST to reflect the broader focus on health inequalities issues. This is a high priority that should be completed within six months.	High	With respect to these bodies, there is little evidence of a partnership approach with health or of targeting resources on areas with the greatest health inequalities.	UoR KLOE: 2.3	Greater clarity of responsibilities in tackling joint goals.	Lost opportunity for partnership working	None	June 2009	Head of Strategy, Development and Private Sector Housing	December 2009

## Appendix 2 – Action plan

Recommendation	Priority	Link to evidence	Link to relevant standards	Positive outcome expected (savings, reduced risks, better value for money)	Consequences of failing to implement recommendation	Cost of recommendation (where significant)	Date reported to the Board/ Council	Officer responsible	Implement by when
R3 Use partnership fora as a means to challenge further the way in which resources are allocated to address need, and challenge particularly how resources in health and local government can be focused to tackle needs.	High	It is not clear how specific needs will be addressed in a shared way by partner organisations, nor how resources of separate organisations will be prioritised to address shared outcomes.	UoR KLOE: 2.1	Potential for generating better vfm by applying joint resources to joint goals.	Piecemeal approach may mean goals are not so easily achieved.	None	June 2009	Head of Strategy, Development and Private Sector Housing	December 2009
R4 Make shared data work harder by: <ul style="list-style-type: none"> <li>making clear links to LAA targets and LSP planned outcomes; and</li> <li>using it to analyse the way in which resources are allocated for maximum impact.</li> </ul>	High	It is not clear how well the shared data enables partners to agree targets and focus the use of separate resources.	UoR KLOE: 2.2	Better targeting of resources with the potential for better vfm.	Lost opportunity to secure best vfm.	None	June 2009	Housing Strategy Manager/ Public Health Development Manager	December 2009

## Appendix 2 – Action plan

Recommendation	Priority	Link to evidence	Link to relevant standards	Positive outcome expected (savings, reduced risks, better value for money)	Consequences of failing to implement recommendation	Cost of recommendation (where significant)	Date reported to the Board/ Council	Officer responsible	Implement by when
R5 Review the success measures in the draft housing strategy and supporting strategies to ensure that they: <ul style="list-style-type: none"> <li>are SMART and clearly prioritised;</li> <li>offer assessment of health impacts; and</li> <li>show outcomes for people and how needs are addressed/reduced.</li> </ul>	High	The proposed measures of success in housing strategies are inadequate being: general rather than specific, eg reduction in homelessness; not clear about the health benefits of actions; and, not clear about the impact on people.	UoR KLOE: 2.2	Better outcomes/vfm	Goals may not be met.	None	June 2009	Housing Strategy Manager	December 2009
R6 Use the HIA of the housing strategy to develop an action plan.	High	The HIA contains many recommendations but these have not yet been developed as a prioritised SMART Action Plan whose implementation can be monitored by the partners.	UoR KLOE: 2.2	Better outcomes/vfm	Goals may not be met	None	June 2009	Housing Strategy Manager/ Public Health Development Manager	December 2009



## Appendix 2 – Action plan

Recommendation	Priority	Link to evidence	Link to relevant standards	Positive outcome expected (savings, reduced risks, better value for money)	Consequences of failing to implement recommendation	Cost of recommendation (where significant)	Date reported to the Board/ Council	Officer responsible	Implement by when
R7 Have a clear policy on future use of HIAs, including the assessment of economic impact.	Medium	The extent of future use of HIAs by the partners is unclear. There is some doubt about the capacity and the capability of the PCT to continue to offer this service in the long term.	UoR KLOE: 2.2	HIAs have the potential to provide supporting information for strategic investment decisions.	Decisions may be taken with incomplete information.	Some depending on the number and depth of HIAs undertaken in future years.	June 2009	Public Health Development Manager	December 2009
R8 Consider holding a workshop for key partners to address the challenge questions relating to delivery of ambitions ie: <ul style="list-style-type: none"> <li>is there an agreed set of priorities which will test your achievement over time in reducing health inequalities?</li> <li>do your people understand these priorities?</li> <li>how will you measure success in addressing needs?</li> <li>by what means will you measure impact in the short term?</li> </ul>	Medium	The partners are faced with challenging questions if they are to deliver their ambitions.	UoR KLOE: 3.3	Partners will become more knowledgeable about the delivery of each others' ambitions.	Missed opportunity to test the realism of ambitions.	May involve some costs if third party engaged to facilitate the workshop.	June 2009	Housing Strategy Manager/ Public Health Development Manager	December 2009

## Appendix 2 – Action plan

Recommendation	Priority	Link to evidence	Link to relevant standards	Positive outcome expected (savings, reduced risks, better value for money)	Consequences of failing to implement recommendation	Cost of recommendation (where significant)	Date reported to the Board/Council	Officer responsible	Implement by when
<ul style="list-style-type: none"> <li>how challenging are your targets?</li> <li>how do you plan to deal with the economic downturn?</li> </ul>									
R9 Consider the best way in which to report the achievement of value for money from investments in reducing health inequalities.	High	The PCT has increased its performance monitoring in general but more work is required for it to be able to demonstrate value for money from its investments in reducing health inequalities.	UoR KLOE: 2.1	Demonstration of vfm (or otherwise) will help inform future strategic decision making.	The absence of sound vfm information makes for less robust strategic investment decision making.	None	June 2009	Housing Strategy Manager/ Public Health Development Manager	December 2009

# Appendix 3 – Partners' response to draft report

- 1 The response to the report was received on 21 August 2009, and a summary is included here, not including drafting points or factual amendments.

**Thank you for your draft report and the time taken by your colleagues and yourself in reviewing our work to develop and embed the health and housing agenda in Brighton and Hove.**

**We very much welcome your report and feel that you have identified and highlighted a wide range of positive practice that encapsulates the change in working practices, culture and outcomes we are hoping to achieve.**

**In working towards linking health and housing we have been very much ahead of national guidance and good practice and it is very pleasing to note that we have made some significant steps in this direction. The issues and recommendations you have identified will help structure and shape our ongoing work and ultimately result in more effective outcomes for local people.**

- 2 The comments made on individual recommendations are shown below where they indicate the progress since our fieldwork and the approach to implementation. We have also noted where amendments have subsequently been made to the report text in response to the comments received.

**Table 1      Comments on recommendations**

Received from Council and PCT August 2009

Recommendation	Comment
1	<p>(para 26) We have taken this on board and improved the success criteria in the final drafts of the Housing Strategy, Older People's Housing Strategy and LGBT People's Housing Strategy which are being presented to Council and the Local Strategic Partnership for approval in the Autumn. Our previously published strategies relating to Supporting People and Homelessness etc are already accompanied by more detailed action plans that translate the success criteria into SMART actions that are subject to ongoing review.</p> <p>In respect of the lack of clear health outcomes - such as for example reducing suicide or mental illness this can only be stated as an aim as at a local level as it would be incredibly difficult to robustly measure reductions in suicide.</p>

Recommendation	Comment
	<p>We could look at mental health but that would involve surveys of residents before and after re-housing which would be tantamount to an experiment and not something that could be done routinely. Again the routine markers of mental health would not be able to be related to any housing intervention.</p> <p>One area we are exploring where we may be able to link housing interventions directly to health improvements is through our single homeless work, and in particular tackling alcohol and substance misuse. However, on the whole, our review of the evidence base highlighted the need for further research on the impact of housing interventions on health outcomes.</p>
2	<p>(para 29) The objectives of the Strategic Housing partnership are closely aligned to the Improving Housing and Affordability block of the Local Area Agreement and the citywide Housing Strategy. In addition the SHP has acted as the Project Board, overseeing the development of the strategy.</p> <p>(para 32) The BEST partnership recognises that good quality homes are important for the health and well-being of those living in them. The partnership is committed to improving the overall quality of the private sector housing stock in Brighton and Hove and East Sussex, to achieve our vision that every resident lives in a 'warm, safe and secure home'.</p> <p>To assist our private sector housing managers and partners in Health in achieving a better understanding of the links between health and housing, we are piloting the use of the Building Research Establishment toolkit which demonstrates the cost benefits of some specifically linked housing and health issues.</p> <p>The partnership in years 2 and 3 of the programme are targeting funding at improving health, by improving insulation and heating in homes to reduce excess winter deaths, removing hazards in the home which will reduce hospital admissions due to falls, allow people to stay in their own homes and facilitate hospital discharge by funding disabled adaptations.</p> <p><b>We have amended recommendation 2 and paragraphs 29 and 32 in response to comments.</b></p>

## Appendix 3 – Partners' response to draft report

Recommendation	Comment
3	<p>(para 31) Across the Council and PCT it has been noted that there is now a need to develop a structure that will maximise the impact of JSNAs in driving improvements in local service and outcomes. As a result, a JSNA Steering Group is being set up that is being jointly chaired by senior officers of NHS Brighton and Hove and Brighton and Hove City Council.</p> <p>One of the key priorities of the group will be to produce a summary overview of the health and wellbeing needs of the city, including identified health inequalities and evidence of unmet need which will inform strategic commissioning and planning and particularly the PCT Strategic Commissioning Plan.</p> <p>Housing has been invited to become a founding member of the new JSNA Steering Group and the lack of comment on housing in the NHS Brighton and Hove Strategic Commissioning Plan has been noted and will be discussed within NHS Brighton and Hove.</p> <p>More effective partnerships are starting to be seen such as the JSNAs of Working Age Mental Health, Physical Disabilities and accompanying Commissioning Strategies. Additionally, joint work on the Local Area Agreement, 2020 Community Strategy Review and new Healthy City Strategy will help improve the joint and shared approach to tackling the city's issues.</p> <p>However, to be realistic, it will take more than six months to achieve this.</p>
4	<p>(para 34) The potential of BHLIS has been noted and the JSNA Steering Group is planning to explore the use of BHLIS to host and present health inequality data to complement the summary overview document of the health and wellbeing needs of the city. This work will in part be supported by a new Head of Public Health Research and Analysis has been appointed by NHS Brighton and Hove who will be working closely with their City Council counterpart.</p> <p>The need for common performance management software across the Local Strategic Partnership to manage the Local Area Agreement has been recognised and is in the process of implementation. BHLIS contains the background needs data for the partnership with the new Interplan carrying out the performance management function.</p>
5	(para 35) As per our response to Recommendation 1.

## Appendix 3 – Partners' response to draft report

Recommendation	Comment
6	<p>(para 36) Two half-day workshops for Housing and Health staff were held at the end of July and beginning of August. These brought together Public Health and Housing staff to discuss and agree how the recommendations from the HIA of the new Housing Strategy will be taken forward.</p> <p>An Action Plan is being developed which will become part of the Housing Strategy which is currently going through its approval process. We have included a recommendation in the HIA around the possibility of commissioning a piece of work to conduct a health economics study.</p>
7	<p>(para 38) NHS Brighton and Hove and the Local Authority Planning Department are developing a strategy to take forward future HIA work. The strategy will outline a small set of options including integrating HIA into the scope of Environmental assessment where appropriate. NHS Brighton and Hove and the Local Authority Planning Department are drafting best practice guidance for developers and planners.</p>
8	<p>(para 40) As per our responses to Recommendation 1 and Recommendation 6.</p> <p>Across the Local Authority, Primary Care Trust and wider stakeholders the need to have an agreed set of priorities for the city aligned with clear targets for improving the health and wellbeing of local people has been already identified. To address this, the 2020 Community Strategy is being refreshed and work to develop a Health City Strategy has begun. The first draft of the refreshed Community Strategy has recently started its public consultation.</p>
9	<p>(para 43) As per our response to Recommendation 3.</p>

Source: PCT/CC response to draft report

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<b>Subject:</b>	<b>Targeted Budget Management (TBM) Month 4</b>		
<b>Date of Meeting:</b>	<b>17 September 2009</b>		
<b>Report of:</b>	<b>Director of Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Nigel Manvell</b>	<b>Tel: 29-3104</b>
	<b>E-mail:</b>	<b>nigel.manvell@brighton-hove.gov.uk</b>	
<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No: CAB11485</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 July 2009 (month 4).

**2. RECOMMENDATIONS:**

- 2.1 That Cabinet notes the forecast outturn for the General Fund, Section 75 Partnerships and Housing Revenue Account (HRA) for 2008/09 as at month 4.
- 2.2 That Cabinet notes that further recovery measures will be identified by month 6 to achieve a balanced budget.
- 2.3 That Cabinet notes the forecast outturn position on the capital budgets as at month 4.
- 2.4 That Cabinet approves the changes to the capital budget as summarised in Appendix 3 and detailed in Appendices 4 – 6.

### 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.

Forecast Variance Month 3		2009/10 Budget Month 4	Forecast Outturn Month 4	Forecast Variance Month 4	Forecast Variance Month 4
£'000	<b>Directorate</b>	£'000	£'000	£'000	%
879	Adult Social Care & Housing	43,075	43,886	811	1.9%
53	S75 Learning Disability Services	23,804	23,804	-	0.0%
1,107	Children & Young People's Trust	54,148	55,713	1,565	2.9%
(72)	Finance & Resources	18,765	18,723	(42)	-0.2%
70	Strategy & Governance	12,540	12,540	-	0.0%
240	Environment	38,150	38,664	514	1.3%
232	Culture & Enterprise	12,107	12,389	282	2.3%
2,509	Sub Total	202,589	205,719	3,130	1.5%
(745)	Centrally Managed Budgets	26,167	25,422	(745)	-2.8%
1,764	Total Council Controlled Budgets	228,756	231,141	2,385	1.0%
336	NHS Trust managed S75 Servs	13,540	13,832	292	2.2%
2,100	Total Overall Position	242,296	244,973	2,677	1.1%

3.2 The Total Council Controlled Budgets line in the above table represents the total current forecast risk to 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. The forecast outturn on the HRA is as follows:

Forecast Variance Month 3		2009/10 Budget Month 4	Forecast Outturn Month 4	Forecast Variance Month 4	Variance Month 4 %
£'000	<b>Housing Revenue Account</b>	£'000	£'000	£'000	
(120)	Expenditure	47,869	47,704	(165)	-0.3%
204	Income	(47,869)	(47,615)	254	0.5%
84	Total	-	89	89	

3.3 The overspend forecast of £2.385 million (excluding S75 Partnerships) is explained in more detail in Appendix 1. This forecast compares to an overspend of £0.718 million for the same period last year, although this included a £1.8 million in-year improvement on concessionary fares' costs. The underlying forecast was therefore a £2.5 million overspend. Higher forecasts at this stage of the year have therefore been seen in previous years prior to measures and actions to manage demands and costs taking effect during the remainder of the

year. However, current pressures are substantial and need to be actively managed throughout the year to ensure breakeven, particularly given that there are unlikely to be significant savings from financing costs and investment income as in previous years.

- 3.4 For this reason, the revenue budget approved by Council includes significant and appropriate risk provision (contingency) and there are other potential in-year contingencies and provisions, for example, pay awards and an improving collection fund balance, that will need to be retained until the position on TBM is clearer later in the year.

### Corporate Critical Budgets

- 3.5 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 3 £'000	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	
	<b>Corporate Critical</b>				
821	Child Agency & In House	18,144	19,143	999	5.5%
63	Sustainable Transport	(911)	(758)	153	16.8%
(250)	Housing Benefits	159,350	159,050	(300)	-0.2%
(220)	Concessionary Fares	7,345	7,125	(220)	-3.0%
800	Community Care	22,763	23,568	805	3.5%
53	Section 75 Learning Disabilities	20,657	20,657	-	0.0%
1,267	Total Council Controlled	227,348	228,785	1,437	0.6%
336	S75 NHS & Community Care	11,323	11,615	292	2.6%
1,603	Total Corporate Criticals	238,671	240,400	1,729	0.7%

- 3.6 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.

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

- 3.7 At present it is too early in the financial year to determine the impact of current forecasts on the longer term financial position. Clearly, the growth in numbers and costs experienced in Children in Care and areas of Adult Social Care needs to be managed over the remainder of the year otherwise this could lead to very significant financial pressures in future years and consequently greater savings

requirements. Some service areas are also suffering due to economic conditions, for example, land charges, commercial rents, cultural services and sustainable transport. Economic conditions and their potential financial impact will need to be kept under review in terms of the medium term financial strategy and future reports will begin to track the ongoing impact of current pressures and will show the impact on the medium term financial strategy (MTFS) in future years.

### **Capital Budget 2009/10**

3.8 This part of the report gives Members details of the capital programme budget position for 2009/10. On 26 February 2009, Budget Council considered a capital investment programme report for the financial year 2009/10 and agreed a capital investment programme of £107.265 million. Some of the schemes included in the budget report related to schemes already approved in detail in previous years, while the remainder of the schemes have yet to be approved in detail following their inclusion.

3.9 The following table shows the currently approved capital budget:

<b>Capital Budget</b>	<b>2009/10 Budget £'000</b>
Slippage brought forward from 2008/09 approved 11 June 2009	2,578
Budget Reprofiles from 2008/09 approved 11 June 2009	3,550
Capital Investment Programme schemes approved	66,914
<b>Total Capital Budget 2009/10 as at month 4</b>	<b>73,042</b>

The major part of the capital investment programme still to be approved is the Local Delivery Vehicle to improve council housing stock detailed in the budget report. These costs will be subject to a separate report to Cabinet for approval to spend.

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**

3.10 A number of changes are proposed to the capital programme as follows: new schemes are proposed and summarised in appendix 4, budget reprofile requests in Appendix 5; variation requests to the capital budgets are contained in Appendix 6 and slippage forecasts of over £50,000 are listed in Appendix 8. A summary of the proposed changes are shown in the table below.

	2009-10 Budget	New Schemes	Budget Reprofiles	Budget Variations	Amended Budget	2009-10 Forecast Outturn	2009-10 Forecast Slippage	2009-10 (Savings) / Overspends
Directorate	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Strategy & Governance	756				756	756	-	-
Culture & Enterprise	1,498				1,498	1,498	-	-
Finance & Resources	4,288	45			4,333	4,333	-	-
Adult Social Care & Housing	11,572			63	11,635	11,635	-	-
Housing Revenue Account (HRA)	19,843				19,843	19,843	-	-
Children & Young People's Trust	17,300	510	1,496	-	19,306	19,306	-	-
Environment	17,785	956			18,741	18,741	-	-
<b>Total Council Budgets</b>	<b>73,042</b>	<b>1,511</b>	<b>1,496</b>	<b>63</b>	<b>76,112</b>	<b>76,112</b>	<b>-</b>	<b>-</b>

### Budget Reprofiting

- 3.11 Delays have been identified in some projects due to factors outside of project managers' control. Appendix 5 provides details of the reasons and asks Members to agree to the re-profiling of the budget, which in most cases will result in the resources being moved from this year's capital programme to the next.

### Capital Slippage

- 3.12 No capital slippage has been reported this month. This is not unusual at this early stage of the financial year because even where contractual, works or other delays are being experienced, there is normally still sufficient time to bring programmes back on track.

### Prudential indicator for capital expenditure

- 3.13 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 2009/10, these were set by the council on 26 February 2009. One of these indicators is 'capital expenditure' and in February the council set this at £107.265 million for 2009/10. This indicator helps us to demonstrate that our capital expenditure plans are affordable.
- 3.14 The Capital Investment Programme report demonstrated how the schemes are fully funded and affordable. The revenue effects of this programme were fully considered as part of the revenue budget setting process.

### Capital Receipts

- 3.15 Capital receipts are used to support the capital programme. For 2009/10 the programme is fully funded, however, any changes to the level of receipts during the year will impact on future years' capital programmes.
- 3.15.1 Capital receipts (excluding housing) were estimated to be £2.1 million. Currently, £0.4 million has been received which includes the disposal of the Wellsbourne Centre site. This leaves £1.7 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.
- 3.15.2 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. The Government receive 75% of the proceeds of 'right to buy sales'; the remaining 25% is retained by the council and used to fund the capital programme. The estimated useable receipts for 'right to buy' sales is £0.5 million for this financial year and to date £0.03 million has been received.

- 3.15.3 The reduction in receipts will impact on the level of investment in future years for corporate funds such as the Strategic Investment Fund, Asset Management Fund and 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 and the consequences of this will be reported within the Capital Investment Programme report to Cabinet in February 2010.

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

- 3.16 The current position indicates that significant social care and economy-related pressures are building up. These will need to be closely monitored by directorates to understand their current and potential longer term financial impact and factored into the development of the 2010/11 budget strategy. In the meantime, directorates will need to continue to take mitigating actions and identify short and medium term recovery measures to address overspends. By TBM month 6, directorates will be expected to identify further recovery measures and plans to bring the financial position back into balance.

## **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 Part 3.4 of the council's financial regulations requires the Director of Finances & Resources to report to the Executive on the overall revenue and capital budget position on a regular basis, under the Targeted Budget Management framework.
- 5.3 Further, under part 3.1 of these regulations, it is for the Executive to take in-year decisions on resources and priorities in order to deliver the budget within the financial limits set by full Council. Hence Cabinet is authorised to change the capital budgets, as proposed by recommendation 2(4), having regard to the effect this may have on the capital outturn position for 2009/10.

*Lawyer consulted:*

*Oliver Dixon*

*Date: 04/09/09*

### Equalities Implications:

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

Sustainability Implications:

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

Crime & Disorder Implications:

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

Risk & Opportunity Management Implications:

- 5.7 There are no direct risk or opportunity management implications arising from this report.

Corporate / Citywide Implications:

- 5.8 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 overspend of £2.385 million. Any overspend that exceeds risk provisions and contingencies will need to be funded from General Fund reserves, which will then need to be replenished as part of the 2010/11 budget and MTFS proposals.

**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 proposed budget allocations and capital budget changes are necessary to maintain a balanced programme and effective financial management.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Directorate Revenue Outturn Forecasts
2. Corporate Critical Budgets Activity Data
3. Summary of Capital Budget Movements
4. New Capital Scheme Requests
5. Capital Budget Re-profile Requests
6. Capital Budget Variation Requests

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

None

### **Background Documents**

None



**Adult Social Care & Housing**

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
79	Housing Strategy	4,746	4,746	-	0.0%
800	Adult Social Care	38,329	39,140	811	2.1%
879	Total	43,075	43,886	811	1.9%

**Explanation of Key Variances**

The Directorate's budget was set to reflect growth predictions assessed using data analysis from nationally recognised social care and health models (POPPI and PANSI) and local trends. Predicting growth is not an exact science and there is now clear evidence of people living longer and having increasing needs.

Pressures of £2.176 million have been identified for the year to date as follows: Across the Community Care corporate critical budget, which has a predicted overspend variance of £1.704 million, the straight-line forecast indicates that there will be net growth of 350 clients compared to the budgeted level unless actions to manage demand take effect over the remainder of the year. Joint Needs Assessments are undertaken each year to predict levels of demand but there are so many contributing factors that demand can be difficult to estimate reliably, particularly in the short term. This year, there has been an increase in the number of older and frailer clients whose packages are at a higher cost due to their complex needs and there is also evidence of increasing length of stay within services. Growth was anticipated in Physical Disability services, however there is a 26% increase above that level, mainly in homecare services.

The other main variance is an overspend on Older People & Physical Disability mainstream services of £0.173 million where anticipated efficiency savings are still being worked through.

Strategies are in place to work towards eliminating the overspend. Management actions already in place are expected to offset the pressures and significantly reduce the potential overspend. Actions include:

- Ensuring appropriate funding streams are used to meet the costs of complex need cases and Disabled Living Allowance /Independent Living Fund are maximised. Expected to generate £0.500million;
- Robust application of Fair Access to Care Services criteria saving £0.080 million;
- Maximising benefits and ensuring that attendance allowance and other benefits are used to purchase domiciliary and other 'low level' requirements saving approximately £0.100 million;
- At review, ensuring that Fair Access to Care Services criteria is applied and care repackaged to ensure new services are fully utilised (e.g. Community Solutions/Telecare etc.) saving approximately £0.300 million;
- Continuing the review of No Recourse to Public Funds cases and maximising client benefits to reduce forecast costs by £0.200 million;
- Operating a vacancy control system and controls over agency staff costs saving approximately £0.164 million.

The remaining risks on Adult Social Care leading to the forecast overspend of £0.811 million are:

- Physical Disabilities with a projected overspend of £0.600 million because of the complex caseload and the continued growth in client numbers;
- Other service user groups with a projected overspend of £0.200 million reflecting current caseload.

**Children & Young People's Trust**

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
407	Area Integrated Working	26,002	26,686	684	2.6%
(10)	Learning , Schools & Skills	(4,014)	(4,014)	-	0.0%
854	Citywide Services	30,168	31,247	1,079	3.6%
156	Commissioning & Governance	1,992	2,094	102	5.1%
(300)	Vacancy Management	-	(300)	(300)	0.0%
1,107	Total	54,148	55,713	1,565	2.9%

**Explanation of Key Variances**

Much of the pressure facing CYPT has arisen as a result of the aftermath of Baby P and the implementation of the recommendations of the subsequent Laming Report. The effect of the Baby P case has been felt nationally and there is now evidence cited in a recent Price Waterhouse Coopers report that, 'this has resulted in higher referrals and increases in care order applications'.

In Brighton and Hove there has been a significant and sustained increase in activity in terms of referrals to social care (at times up to 61%). This has resulted in a 33% increase in the number of children with a child protection plan and a 12% increase in the number of looked after children as at June 2009.

This increase in activity has had a knock on effect on the corporate critical budget of Child Agency and In House Placements which is forecasting an overspend of £0.999 million. Overspends on Independent Foster Agency<sup>1</sup> of £0.981 million and Secure Accommodation<sup>2</sup> of £0.518 million are partly offset by an underspend of £0.515 million on Residential Agency Placements<sup>3</sup>. Individual placement costs compare favourably with other local authorities but the number of looked after children is rising.

With the significant rise in referrals, the main focus has been on ensuring the delivery of a safe service, fulfilling statutory obligations and tackling issues relating to the recruitment and retention of social work staff. An independent review of assessment and referral arrangements has been undertaken which indicates that thresholds are broadly at the right level. Management action is now focussed on addressing the long term impact of this increase in activity and tackling the impact on resources. A work programme is underway to tackle issues such as pre-birth planning, early permanence and a review of early intervention strategies.

The increased activity in terms of care order applications combined with changes introduced as a result of the Public Law Outline has required additional legal support and legal fees are currently forecast to overspend by £0.270 million.

<sup>1</sup> Independent Foster Agency – 35 placements higher than budgeted for

<sup>2</sup> Secure Accommodation – 3 placements higher than budgeted for.

<sup>3</sup> Residential Agency – 36 placements which is 6 fewer than budgeted for

## Item 31: APPENDIX 1

The main overspend within Area Integrated Working is £0.458 million on Preventative Payments. This relates to the ongoing costs relating to homeless families, payments to 'friends & relatives' carers and provisions. Joint work with Adult Social Care and Housing is underway to determine appropriate cross departmental action.

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

**Finance & Resources**

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
(134)	Finance	6,177	6,043	(134)	-2.2%
(200)	ICT	5,703	5,533	(170)	-3.0%
(58)	Customer Services	3,873	3,747	(126)	-3.3%
320	Property & Design	3,012	3,400	388	12.9%
(72)	Total	18,765	18,723	(42)	-0.2%

**Explanation of Key Variances**

Finance and ICT projected underspends are due to higher than normal levels of staff turnover and vacancy management actions to assist the overall financial position.

The main pressure in Customer Services relates to an expected shortfall in land charge income of £0.192 million due to the continued downturn in the housing market and the competition from private sector search companies. The corporate critical Housing Benefit budget is expected to generate an additional £0.300 million in subsidy, as local authority errors are predicted to be held below the government threshold.

Property & Design is forecasting a shortfall against commercial rent income of £0.370 million. The main loss is due to rent/lease renewals being on lower terms than expected due to the continuing economic downturn; there has also been a slight increase in the number of voids. Income on this budget is particularly sensitive to the current market conditions and is being monitored very closely. Underperforming properties are kept under review, for example, Charter Hotel which is reported on elsewhere on the agenda. The council is also extending some payment arrangements as part of its recession relief measures to help businesses.

Additional financial controls are being implemented to contain other cost pressures within the service.

## Strategy & Governance

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
-	Improvement & Organ Devel	1,663	1,663	-	0.0%
-	Legal & Democratic Servs	3,055	3,055	-	0.0%
70	Policy Unit	3,064	3,064	-	0.0%
-	Human Resources	3,605	3,605	-	0.0%
-	Executive Office	577	577	-	0.0%
-	Communications	576	576	-	0.0%
70	Total	12,540	12,540	-	0.0%

## Explanation of Key Variances

A breakeven position is projected despite emerging pressures estimated at £0.295 million. These relate to: a drop in legal income because of downturn in the property market; recruitment costs; and Policy Unit salary and partnership budgets. The following plan is in place to address the pressures:

- £0.080 million is likely to be secured via additional LPSA Stage 2 funding for area mapping using BHLIS (Brighton & Hove Local Intelligence Service) and for Community Engagement work.
- Developing additional external and internal income streams across the directorate could achieve a further £0.070 million.
- It is anticipated that a further £0.145 million could be achieved from a combination of reviewing current committee agenda printing costs, evaluating electronic meeting management and member travel costs and early identification of deliverable underspends, particularly in Human Resources, Communications and Improvement & Organisational Development.

**Environment**

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
-	City Services	29,700	29,700	-	0.0%
100	Sport & Leisure	2,225	2,325	100	4.5%
63	Sustainable Transport	(911)	(758)	153	16.8%
-	Public Safety	4,825	4,805	(20)	-0.4%
240	City Planning	2,311	2,701	390	16.9%
(163)	Vacancy Management	-	(109)	(109)	0.0%
240	Total	38,150	38,664	514	1.3%

**Explanation of Key Variances**

The Sport & Leisure budget is forecast to overspend due to increased energy costs.

Sustainable Transport are forecasting a very small shortfall of £0.047 million from parking income. Additional on-street and permit receipts are primarily being offset by shortfalls in penalty charge notice (PCN) income and a shortfall at The Lanes car park due to the works taking longer than originally anticipated. A cost pressure also exists on bus system and traffic signal maintenance.

There are two main reasons for the overspend on City Planning. The legal fees associated with the Marina Development appeal are expected to cost £0.250 million.

Due to economic conditions, there has also been a decline in the number of planning applications, in particular those for large residential schemes, which has led to a forecast shortfall in income of £0.140 million.

The directorate is endeavouring to improve the financial position by keeping all services under constant review and taking action where feasible to reduce expenditure and raise additional revenue. Budgets are under severe pressure and options for savings may be limited but vacancy management has been introduced with immediate effect to try and mitigate overspends. The vacancy management will need to be carefully managed to ensure the impact on service delivery is minimised.

**Culture & Enterprise**

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
25	Tourism & Venues	1,675	1,750	75	4.5%
-	- Libraries & Information Services	4,301	4,301	-	0.0%
190	Royal Pavilion & Museums	2,241	2,431	190	8.5%
17	Culture & Economy	3,414	3,431	17	0.5%
-	- Major Projects & Regeneration	476	476	-	0.0%
232	Total	12,107	12,389	282	2.3%

**Explanation of Key Variances**

The Directorate has instigated management action to contain the forecast overspend and progress towards a balanced position. The financial recovery actions include maximising income from events, holding vacant posts across the Directorate, and reducing spend on supplies and services.

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

Income at the Royal Pavilion and Museums is expected to be £0.250 million below target with energy pressures of £0.040 million. These pressures are partly offset by vacancy management and other efficiencies within the service. Additional actions include retail product introduction and driving up profit margins; introduction of events to compensate for losses on corporate functions and weddings.



**Centrally Managed Budgets**

Forecast		2009/10	Forecast	Forecast	Forecast
Variance	Division	Budget	Outturn	Variance	Variance
Month 3		Month 4	Month 4	Month 4	Month 4
£'000		£'000	£'000	£'000	%
-	Bulk Insurance Premia	2,960	2,960	-	0.0%
(220)	Concessionary Fares	7,345	7,125	(220)	-3.0%
(375)	Capital Financing Costs	10,319	9,944	(375)	-3.6%
-	Levies & Precepts	195	195	-	0.0%
(150)	Other Corporate Items	5,348	5,198	(150)	-2.8%
(745)	Total	26,167	25,422	(745)	-2.8%

**Explanation of Key Variances**

The concessionary bus fares budget is forecast to underspend by £0.220 million due to the increase in journey numbers for the first three months being below the 10% increase in journey numbers that was allowed for in the budget. The overall increase in journey numbers was 4.2% in April, 3.1% in May and 7.6% in June, however within this there are routes heading for Saltdean, Peacehaven and Eastbourne that have seen a much higher increase in concessionary journeys. There has only been one appeal to the Department of Transport in respect of the 2009/10 scheme which is from Stagecoach South. The outcome of the appeal is not expected until the start of the next calendar year and in the meantime discussions continue with Stagecoach South in respect of an additional capacity cost claim.

The collection fund is currently forecast to come in on budget. However, it is hoped that the number of new properties added to the valuation list through the course of the year, will exceed the anticipated increase in exempt student properties so that there will be a net increase in the number of properties, which will improve the position.

There is a forecast £0.375 million underspend on Financing Costs (after a contribution from the interest rate reserve of £0.900 million).

Contingency is forecast to underspend by £0.150 million.

The forecast assumes the transfer of £0.700 million from contingency to support Building Schools for the Future; this transfer is dependent on a break even revenue outturn position. There is also £0.750 million still held as risk provision which is currently unallocated.

## Section 75 Partnerships

Forecast Variance Month 3 £'000	Division	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
53	Council managed S75 Servs	23,804	23,804	-	0.0%
336	NHS Trust managed S75 Servs	13,540	13,832	292	2.2%
389	Total S75	37,344	37,636	292	0.8%

## Explanation of Key Variances

Council managed S75 services (Learning Disabilities) are forecasting a breakeven position. A financial recovery plan of £1.9 million is in place and the forecast assumes achievement of this target. To date, £0.878 million has been achieved as a result of panels ensuring that eligibility criteria (FACs) are applied robustly; there are also cost reductions from Preston Drove remodelling and the Home Care review. Discussions with the PCT are ongoing on complex cases which are considered eligible for Continuing Health Care or Joint Funding which it is anticipated will address the remaining element of the Financial Recovery Plan.

NHS Trust managed S75 services are forecasting an overspend of £0.292 million as follows:

- Sussex Partnership Foundation Trust (SPFT) – Mental Health & Substance Misuse is overspending by £0.292 million due to increases in the number and cost of homecare placements in Adult Mental Health.
- South Downs Health Trust – is forecasting a small overspend of £0.009 million, due to a small pressure on the community equipment budget. The Trust expects to manage this pressure.

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

## Housing Revenue Account (HRA)

Forecast Variance Month 3 £'000	Housing Revenue Account	2009/10 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %
(378)	Employees	9,266	8,748	(518)	-5.6%
(146)	Premises – Repair	10,728	10,659	(69)	-0.6%
9	Premises – Other	3,038	3,047	9	0.3%
(41)	Transport & Supplies	2,113	2,106	(7)	-0.3%
2	Support Services	2,251	2,232	(19)	-0.8%
140	Revenue contribution to capital	5,034	5,174	140	2.8%
(628)	Capital Financing Costs	4,356	3,743	(613)	-14.1%
922	Subsidy Payable	11,083	11,995	912	8.2%
(120)	Net Expenditure	47,869	47,704	(165)	-0.3%
5	Dwelling Rents (net)	(41,168)	(41,084)	84	0.2%
-	Other rent	(1,222)	(1,237)	(15)	-1.2%
75	Service Charges	(3,861)	(3,782)	79	2.0%
20	Supporting People	(564)	(544)	20	3.5%
104	Other recharges & interest	(1,054)	(968)	86	8.2%
204	Net Income	(47,869)	(47,615)	254	0.5%
<b>84</b>	<b>Total</b>	<b>-</b>	<b>89</b>	<b>89</b>	

## Explanation of Key Variances

The forecast spend has marginally increased to a projected overspend of £0.089 million compared to the overspend of £0.084 million forecast at month 3.

- TBM month 3 showed a forecast underspend on Employees of £0.378 million due to the anticipated pay award being lower than budgeted for and vacancy management, this underspend has increased to £0.518 million. Vacancy management continues to be the major factor pending reviews to be implemented as part of the Housing Management improvement programme.
- Premises- Repairs are projected to underspend by £0.069 million (£0.146 million in month 3). This is due to the new service contracts being implemented later than expected. The change from month 3 is due, in part, to an increase in rates for Lift Servicing taking effect from August.
- Revenue Contributions to Capital, continues to be projected as a £0.140 million overspend. The capital projection variation relating to 6 major voids was approved at TMT cabinet on 29 June 2009.
- The current economic situation has led to a change in the corporate policy towards Treasury management. In order to substantially reduce its

exposure to risk, the council has prematurely repaid some £57 million of debt. This early repayment has also benefited the council by reducing capital financing costs of which the HRA has seen a reduction of £0.525 million, (i.e. £0.613 million capital financing costs underspend net of £0.088 million interest reduction shown under Income). However, for the HRA, due to the complexities of the subsidy system, there is also an increase of £0.912 million Housing Subsidy payable to central government resulting in a net overspend of £0.387 million.

The council is monitoring the financial markets and when there are signs that the markets are returning to a more stable and secure outlook, these interim measures will be withdrawn and new borrowing will be raised. If and when this happens, the negative impact on the HRA will be revised.

- The amount the council charges its leaseholders of sold council flats for major works is projected to under-achieve by £0.075 million. The amount that can be charged to leaseholders is dependant upon the completion of capital schemes within a strict timescale. The budget for income relating to major works anticipated schemes completing earlier than was the case. However, it should be noted that any income not received during 2009/10 will be receivable in the next financial year.
- Dwellings rents are likely to underachieve by £0.080 million due to Temporary Accommodation properties being held vacant pending conversion of shared facilities.

## 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 £	Budget £	Activity	Unit Cost/ Income £	Budget £
<b>Child Agency &amp; In-house Placements</b>											
Disability Agency	Number of children	Cost per week	9.00	1,893.30	888,500	8.99	2,048.58	960,300	(0.0)	155	71,800
Disability Respite			n/a	n/a	157,000	n/a	n/a	123,000			(34,000)
Independent Foster Agency (IFA)	Number of children	Cost per week	96.00	946.20	4,736,400	130.51	840.14	5,717,300	34.5	(106)	980,900
Residential Agency	Number of children	Cost per week	42.00	2,419.09	5,297,800	35.79	2,563.08	4,783,200	(6.2)	144	(514,600)
Secure Accommodation	Number of children	Cost per week	2.00	4,088.77	426,400	4.58	3,953.28	944,100	2.6	(135)	517,700
In-House Placements	Number of children	Cost per week	401.00	268.32	5,610,400	376.45	285.56	5,605,400	(24.6)	17	(5,000)
Leaving Care Accommodation	Number of children	Cost per week	43.50	404.15	916,700	45.88	298.87	715,000	2.4	(105)	(201,700)
Leaving Care Ex Asylum Seekers	Number of children	Cost per week	16.00	133.65	111,500	29.55	191.59	295,200	13.6	58	183,700
Educational Agency (DSG)	Number of children	Cost per week	121.00	723.81	4,566,700	103.00	760.38	4,083,804	(18.0)	37	(482,896)
											515,904
<b>Community Care</b>											
NHSc Older People	No. WTE Clients	Cost per week	1,645	205	17,563,000	1,820	185	17,564,000	175.0	(20)	1,000
NHSc Physical Disabilities	No. WTE Clients	Cost per week	486	191	4,833,000	643	162	5,435,000	157.0	(29)	602,000
NHSc Asylum Seekers MH	No. WTE Clients	Cost per week	40	174	367,000	88	123	567,000	48.0	(51)	(200,000)
											803,000
<b>Section 75 Learning Disabilities</b>											
S75 NHSc Learning Disabilities	No. WTE Clients	Cost per week	682	581	20,657,000	697	565	20,543,000	15.3	(16)	(114,000)
<b>S75 NHS &amp; Community Care Act</b>											
S75 NHSc Adult Mental Health	No. WTE Clients	Cost per week	235	260	3,184,000	305	226	3,589,000	69.9	(34)	405,000
S75 NHSc Older People Mental Health	No. WTE Clients	Cost per week	483	262	6,608,000	524	242	6,606,000	41.0	(20)	(2,000)
S75 NHSc Substance Misuse	No. WTE Clients	Cost per week	5	390	104,000	5	409	104,000	(0.1)	19	0
S75 NHSc HIV	No. WTE Clients	Cost per week	26	154	210,000	32	134	224,000	5.8	(20)	(14,000)
											417,000



## SUMMARY CAPITAL TABLES

	2009/10 Budget £'000	2010/11 Budget £'000	2011/12 Budget £'000	Total Changes £'000
<b>New Schemes Summary (Appendix 4)</b>				
<b>CYPT</b>				
Children's Social Services	43			43
Cookery in the Curriculum	345			345
Youth Capital Fund	122			122
<b>Environment</b>				
Controlled Parking Scheme	640			640
Cycling Town	316			316
<b>Finance &amp; Resources</b>				
Land at Falmer Way	45			45
<b>Total Changes to Budgets</b>	<b>1,511</b>	<b>-</b>	<b>-</b>	<b>1,511</b>

	2009/10 Budget £'000	2010/11 Budget £'000	2011/12 Budget £'000	Total Changes £'000
<b>Reprofiles Summary (Appendix 5)</b>				
<b>CYPT</b>				
New Deal for Schools Modernisation	350	(350)		-
Devolved Formula Capital	1,146	(1,146)		-
ICT Fund	(500)	500		-
Kitchens & Bathrooms	500	(500)		-
<b>Total Changes to Budgets</b>	<b>1,496</b>	<b>(1,496)</b>		<b>-</b>

	2009/10 Funding £'000	2009/10 Budget £'000	Total Changes £'000
<b>Budget Variations Summary (Appendix 6)</b>			
<b>Adult Social Care &amp; Housing</b>			
Craven Vale Project		63	63
Grant	(63)		(63)
<b>CYPT</b>			
Our Lady of Lourdes		120	120
Extended Services	(120)		(120)
<b>Total Changes to Budgets</b>	<b>(183)</b>	<b>183</b>	<b>-</b>





## New Capital Schemes for all Directorates

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 Directorate: CYPT

New Project Budget: £43,000

Project Title: Children's Social services

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This funding is available to support capital costs associated with improving /providing facilities required for the welfare of individual children. Each case is considered on its merits and funding is agreed where considered in the best interests of the child. An example may be a contribution to adaptations to the home of a disabled child.

2009/10 £	2010/11 £	2011/12 £	Total £
43,000			43,000

In December 2007 government departments announced details of their assessment of local authorities' relative need to incur capital expenditure. £0.043 million supported borrowing was allocated to Personal Social Services for 2009/10.

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 Directorate: CYPT

New Project Budget: £345,000

Project Title: Cookery in the Curriculum

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This is a Targeted Capital Fund grant to fund practical cookery spaces in schools that do not have the facilities. This was following a change in the national curriculum that made the teaching of cookery skills compulsory for key stage 3 students from September 2011. A bid was submitted in respect of Cardinal Newman School and Hillside Special School. The bid was successful and the £0.345 million is for the work at Cardinal Newman School which is being undertaken this year. The work at Hillside will be undertaken next year and we will receive £0.3 million for that in the 2010 / 11 financial year.

2009/10 £	2010/11 £	2011/12 £	Total £
345,000			345,000

The grant in respect of practical cooking teaching spaces in schools was offered at a flat rate of £300,000 per school without access to such facilities. The funding in the first year will be allocated to Cardinal Newman School which, because it is a Voluntary Aided school, has also been granted the VAT at 15%. The project is being taken forward by the school and the catholic diocese and if the grant does not cover the full cost of the provision the school and / or the diocese will be required to meet the remainder of the costs.

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Directorate: CYPT  
 Project Title: Youth Capital Grant

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New Project Budget: £121,800

This project is the council's share of the national Youth Capital Fund Grant for 2009/10.

The aim of the Youth Capital Fund is to improve the provision of positive activities for young people. Funded activities must support the five Every Child Matters outcomes, benefit the local community and offer good value for money.

Authorities must also ascertain young people's views on provision. Capital investments through the Youth Capital Fund are integral to the Government's broader ambitions to improve the range and quality of places for young people to complement investments through "myplace", which is a national programme to deliver world class youth facilities and is managed on behalf of the government by the Big Lottery Fund.

The Grants are paid under section 14(2) of the Education Act 2002 to provide financial assistance only for the purposes of supporting the provision of activities and facilities for young people.

2009/10 £	2010/11 £	2011/12 £	Total £
121,800			121,800

The Youth Capital grant funding due from the DCSF for 2009/10 is £121,800.

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Directorate: Environment  
 Project Title: Controlled Parking Scheme

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New Project Budget: £640,000

Residents and ward councillors have made strong representations for inclusion in controlled parking schemes. In November 2006 a timetable was agreed by Environment Committee, showing that consultation on the Preston Park Station scheme, Preston Park Avenue and Stanford ward (the Martlets) would commence in 2007 and if agreed, be completed during 2009. The financial impact of the revenue from this new scheme has been included within the budget for 2009/10.

It was agreed by Environment Committee that the final stages of implementing parking schemes on the timetable would be funded by capital budgets.

Detailed work has already been undertaken for this scheme, and approval is now sought to set up the capital budget to cover the costs of the consultation, physical works, and consultancy costs. New parking schemes are funded through unsupported borrowing, repaid over 7 years.

2009/10 £	2010/11 £	2011/12 £	Total £
640,000			640,000

The financial impact of the revenue to be achieved from this new scheme has been included within the budget for 2009/10. Likewise the ongoing additional revenue costs of enforcement, processing and repayment of borrowings. Therefore, the costs of implementing this new parking scheme are designed to be cost-neutral to the council.

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Directorate: Environment  
Project Title: Cycling Town

New Project Budget: £316,000

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B&HCC submitted a further bid for Cycling Town (CT) funding from Cycling England in April 2008. The city successfully secured a further three years external funding of £1.5 million. This was presented to the CMM meeting on 11 September 2008 for formal acceptance.

The funding is provided by the Department for Transport through Cycling England. Including match funding, the City will benefit from over £3 million investment for cycling infrastructure and promotional measures between 2008/09 to 2010/11.

The funding will enable cycling infrastructure and associated promotional measures to continue across the city including:

- i. City Wide cycle network and improvement to the National Cycle Network (NCN) local routes.
- ii. Personalised Travel Planning for approximately 39,000 households
- iii. Free Bikeability training for a minimum of 3,900 pupils (1,300 per year).
- iv. 36 Bike IT Schools to receive promotional and engineering incentives.

Improving awareness and provision for cycling increases overall transport choice for residents and visitors. Encouraging sustainable forms of transport, such as cycling, will contribute towards reducing air and noise pollution in the city.

A consultation strategy is identified and members will be informed prior to commencement of any works. Consultation will involve key stakeholders and any external and internal consultation. Where appropriate, public consultation and member briefings will take place. The City Council is required to provide match funding using spend on previously agreed schemes and no additional funding is required.

Regular monitoring and communication with Cycling England will ensure relevant risks are identified and action taken accordingly. Failure to complete any committed works could result in loss of part or all of the funding. The financial impact of the revenue to be achieved from this new scheme has been included within the budget for 2009/10. Likewise the

ongoing additional revenue costs of enforcement, processing and repayment of borrowings. Therefore, the costs of implementing this new parking scheme are designed to be budget neutral to the council.

2009/10 £	2010/11 £	2011/12 £	Total £
316,000			316,000

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Directorate: Finance & Resources

New Project Budget: £45,000

Project Title: Land at Falmer Way

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The Community Stadium Limited (TCSL) secured planning permission to deposit excavated chalk arising from the construction of the Community Stadium onto a field owned by the council directly opposite the Stadium site. A 7-year licence was granted to the Club to enable this work to take place.

The Land was subject to a 1986 Agricultural Holdings Act tenancy and to enable the project to proceed it was necessary for the council to negotiate a surrender of the farm tenant's interest.

The stripping, storage and depositing of the chalk will be carried out to a specification to minimise the effects of soil handling and on completion the land will undergo an aftercare plan by TCSL to restore the land to a level of quality that will enable continued agricultural use.

On 30 March the Leader and the Cabinet Members for Environment, Culture Recreation & Tourism and Enterprise Employment & Major Projects were briefed on the negotiations and a report was presented to Cabinet on 11 June 2009.

The project supports the council's priority to protect the environment while growing the economy by reducing potential lorry movements and carbon emissions. By granting consent the Club will avoid the need to transport the chalk off site saving lorry movements and CO<sub>2</sub> emissions.

Capital expenditure profile				
Year	2009/10	2010/11	2011/12	TOTAL
Estimated costs and fees	45,000	0	0	45,000

The 7 year licence to the Club covers a premium to be paid to the council of £0.320 million. From the premium paid, the council will fund the costs of the surrender premium paid to the farm tenant, the professional fees incurred and the costs of monitoring the chalk disposal and aftercare works. The total cost of the premium and fees is £365,000, requiring a net investment of £45,000 from the council after taking into account the premium payable by the Club to the council.

The costs of monitoring the chalk disposal and aftercare plan will be approximately £2,560 for the first year and approximately £1,520 for each subsequent year for the duration of the licence plus fees for analysing surveys to assess volume of chalk deposited.

## Re-profiles for all Directorates

Directorate: CYPT	Approved Budget: £1,364,880
Project Title: New Deal for Schools Modernisation	Revised Budget: £1,714,880 Variation: £350,000

This is a forward funding amendment to the Capital Programme due to the need to provide additional temporary accommodation at West Blatchington primary school to accommodate a further additional form of entry. Last year we provided temporary additional forms of entry at West Blatchington and Davigdor infant schools. We accepted that the additional form of entry at Davigdor would need to be a permanent expansion and are working towards providing this permanent expansion at the present time. We had expected that the temporary additional form of entry would only be required for one year at West Blatchington and, therefore, we provided just one additional classroom. It has now become apparent that the additional form of entry will be required for the 2009/10 and the 2010/11 academic years too. Consequently we have decided that the best course of action is to purchase rather than hire further additional accommodation as it will need to be in site for a considerable period of time.

We estimate that the cost of this temporary accommodation, complete with groundworks and delivery is likely to be in the order of £0.300 million. There is no budget available in the current financial year to meet this cost since all budget headings are fully committed, however at the present time there is funding available from the NDS heading in 2010/11 that is as yet uncommitted. It is proposed that some of the NDS funding from next year be brought forward to fund the provision of the temporary accommodation at West Blatchington. To ensure that there is adequate funding available, the sum requested to be brought forward is £0.350 million.

Indicative figures for 2010/11 NDS Modernisation is £2.3 million of which £1.3 million is already committed. There are therefore sufficient uncommitted funds to bring forward £0.350 million to 2009/10 for this project.

Directorate: CYPT	Approved Budget: £2,656,960
Project Title: Devolved Formula Capital	Revised Budget: £3,803,410 Variation: £1,146,450

This represents the bringing forward of 40% of all indicative Devolved Formula Capital (DFC) allocations for 2010/11 to 2009/10 as advised by the DCSF on 3<sup>rd</sup> March 09. This acceleration is a key plank of the Government's fiscal stimulus package to boost the economy in the current downturn.

The purpose of DFC is that it is capital funding that schools can use to undertake capital works on their own behalf. It is intended that the works should contribute towards the improvement and modernisation of the school buildings and be undertaken in accordance with their asset management plans. Typical works could include playground upgrades, small extensions or internal modifications etc. It is also intended that schools could use

this funding to meet any changes in legislations that may arise, and for which they have responsibility, such as the recent changes in fire regulations etc. The rules around this funding mean that schools have the option to roll the funding up for a maximum of three years, effectively allowing them to ‘save up’ for larger projects that they may wish to undertake.

We have asked all schools whether they wish to take advantage of the 40% forward funding opportunity. The up to date position in respect of this forward funding only is as follows;

£0.619 million has already been requested (some of which has already been transferred to schools);

£0.352 million will definitely not be requested this financial year

£0.176 million is as yet unallocated – we are awaiting the return of forms to see how much, if any, will be requested this year.

The original Devolved Formula Capital allocation for 2009/10 was £2.657 million. The indicative allocation for 2010/11 is £2.866 million of which the 40% to be brought forward is £1.146 million. Any unspent funds can be carried forward to 2010/11.

Directorate: Adult Social care & Housing (HRA)	Approved Budget: £700,000
Project Title: ICT Capital Budget	Revised Budget: £200,000
	Variation: (£500,000)

The major part of the budget was for the replacement of the council’s main Housing Management System, OHMS. Due to the risk and potential for service disruption of implementing a new IT system at the same time as implementing IT changes required for the new Repairs and Maintenance contract, Housing Management have decided to move the replacement of OHMS to 2010/11.

There will be no effect on Service Delivery.

## Budget Variations for all Directorates

### Adult Social Care & Housing

Directorate: Adult Social care & Housing	Approved Budget: £155,600
Project Title: Craven Vale	Revised Budget: £218,600
	Variation: £63,000

The project costs have increased since the original budget allocation was agreed, due to scope of tenders being changed to ensure the 7 new en-suite rooms met full inspectorate (CSCI) standards and provided necessary space for assistance in each of the bedrooms and en-suite areas.

The variation of £0.063 million will be financed from utilisation of the Mental Health Capital Grant allocation for 2009/10 (total grant £0.130 million). There are no conditions attached to this grant funding, so it can be spent on any related capital purpose.

Directorate: Adult Social care & Housing (HRA)	Approved Budget: £2,189,980
Project Title: Kitchens and Bathrooms	Revised Budget: £2,689,980
	Variation: £500,000

The 2009/10 approved budget provision for central and west areas in terms of the decent homes kitchens and bathrooms programme carried out by Kier, the contractor for these areas, has been completed ahead of schedule. The kitchen and bathroom programme in these areas of the city will remain dormant until April 2010 unless alternative proposals are considered and adopted as an approved way forward,

It is proposed that £0.500 million of the 2010/11 kitchen and bathroom for the central and west areas of the city, which is part of the new housing procurement contract, is brought forward into 2009/10 programme. This initiative would provide continuity of the decency programme in a very important area of kitchens and bathrooms and would also facilitate a full 1% reduction against our decent homes target. However, as this work would have been undertaken by Mears Limited within the new contract of 2010/11 it is proposed that the work is awarded to Mears and they work on kitchen and bathrooms in the central and west areas of the city for the remainder of 2009/10.

The HRA Business Plan includes funding for Kitchens and Bathrooms next year (and over the 30 years) and this will be updated with the changes proposed above.

Directorate: CYPT	Approved Budget: £0
Project Title: Our Lady of Lourdes	Revised Budget: £120,420
	Variation: £120,420

The proposal is to enclose and extend an area known as the arches in the infant playground of Our Lady of Lourdes RC Primary School in Rottingdean to create an internal space and also to undertake groundwork to return some of the playground area taken

through this development. In addition, the provision of additional toilets is proposed. This is to enable delivery of afterschool and holiday childcare provision for Our Lady of Lourdes RC Primary School and St Margaret's CE Primary School.

Provision of after school childcare provides vital support to parents to enable them to access work and training thus contributing to the corporate priority to protect the environment while growing the economy. It also contributes to the priority to reduce inequality by increasing opportunity by reducing worklessness and by giving children the best start in life through provision of cultural and learning opportunities that enable them to aim high and achieve their potential.

The provision of the Core Offer of Extended Services, including childcare from 8-6 in primary schools where there is demand, is both a government target for all schools and priority 15 in the CYPT Children and Young People's Plan 'To improve the engagement, achievement and enjoyment of children and young people through extended services support, out of hours learning and recreational activities.'

The capital development proposed will enable our Lady of Lourdes and St Margaret's to improve and extend the varied menu of out of school and recreational activities that they provide.

Surveys of parents in Our Lady of Lourdes and St Margaret's have demonstrated that there is considerable demand for childcare that is not currently being met. In July 2008, there was demand for 184 places a week for 73 children, an average of 37 places a day. This is sufficient for a sustainable afterschool club and the Local Authority has a new statutory duty to provide sufficient childcare to enable parents to work.

Consideration has been given to other options for provision of childcare within the local community. Because of Rottingdean's location, it is not feasible for most parents to access other provision. A small number of children access Boomerang Kids Club at Saltdean but this requires transport outside the community, increasing carbon emissions and separating children from their friendship group.

Consideration has also been given to refurbishment of a community venue called 'The Cottage', as initially the schools did not feel in a position to establish a club on either school site. However, a number of substantial problems were identified with this building including the need for additional toilets and limited internal space. This would restrict the capacity of the club and therefore affect the sustainability and economic feasibility of the service. Necessary alterations to ensure the service met Ofsted guidelines were unquantifiable due to the issue of raised drains and building restrictions. In addition, The Cottage would not be available for use during holiday periods again affecting ability to meet demand and core offer requirements and adversely affecting sustainability.

Because of the problems with 'The Cottage', extensive work has been undertaken with both schools in Rottingdean to identify an alternative solution. As a result of this work the Headteacher at Our lady Of Lourdes identified that there was a there was a space within the school site that with capital development would make an ideal site for delivering afterschool childcare. The Headteacher is supportive and enthusiastic about the proposal and the support it will offer to both children and parents.

Consultation has taken place with parents at both schools in Rottingdean, and with the Headteachers of both Our Lady of Lourdes and St Margaret's. In addition, discussion



concerning the need for after school provision has taken place with stakeholders through the Deans Cluster meetings which include representatives of all the schools in Rottingdean, Governors, parents and Community and Voluntary sector elected representatives. In addition the Headteacher of Our Lady of Lourdes has discussed proposals with her Chair of Governors, Councillors, and diocesan representatives who have given their approval to the scheme.

The project will be funded from the Extended Services Capital Budget; this is a budget within the schools capital budget that is restricted to capital work required to meet the core offer of Extended Services. Ongoing maintenance of the facility following completion will be the responsibility of the school and there will be a formal agreement with the school in relation to use of the facility for Extended Services initiatives. A feasibility study for the Extended Services Development at Our Lady of Lourdes has put the cost of the project at £0.120 million. The majority of the works will be funded by the Extended Services Capital Budget at a cost of £0.115 million. Our Lady of Lourdes has agreed to fund the works to extend the school playground at £0.005 million.

In addition to the one off capital expenditure, there will also be start up costs associated with this project including a one off capital grant to fund equipment and furnishings for the childcare service at £0.005 million and a one off start up grant of £0.010 million to sustain the service until numbers are established. The Extended Services Childcare Revenue and Capital Budget will fully fund these activities.



**Subject:** Audit & Business Risk Progress Report  
**Date of Meeting:** 29<sup>th</sup> September 2009  
**Report of:** Director of Finance & Resources  
**Contact Officer:** Name: Ian Withers Tel: 29-1323  
E-mail: [ian.withers@brighton-hove.gov.uk](mailto:ian.withers@brighton-hove.gov.uk)  
**Wards Affected:** All

### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report contains the outcome of internal audit work for the 2009/10 financial year, completed from April to early September 2009. The report further shows the position regarding the delivery of the Internal Audit Plan for 2009/10.
- 1.2 The Accounts and Audit Regulations 2006 require every local authority to maintain an adequate and effective system of internal audit. Audit & Business Risk carries out the work to satisfy this legislative requirement and part of this is reporting the outcome of its work to the Audit Committee.
- 1.3 The Audit Committee has a responsibility for reviewing the council's corporate governance arrangements, including internal control and formally approving the Annual Governance Statement. The internal audit work carried out by Audit & Business Risk is a key source of assurance that the internal control environment is operating effectively.
- 1.4 It has been agreed that a report will be provided to the December meeting on the status of agreed management actions arising from finalised audit reports issued in 2008/09 and 2009/10.

#### 2. RECOMMENDATIONS:

- 2.1 That the Audit Committee notes the contents of this report, in particular the status of planned internal audit work for 2009/10.

#### 3. BACKGROUND INFORMATION:

- 3.1 The audits contained in the Internal Audit Plan 2009/10 are based on an assessment of risk for each system or operational area. The assessment of risk includes elements such as the level of corporate importance, materiality, service delivery/importance and sensitivity.

- 3.2 The outcome of all audit work is discussed and agreed with the lead service managers. The final reports that include agreed actions to audit recommendations made, are issued to the responsible Director.
- 3.3 The Annual Internal Audit Plan is sufficiently flexible to meet the changing needs and emerging risks of the Council. This is reflected in the level of contingency made for unplanned audit work.

#### 4. Progress against the Internal Audit Plan 2009/10

- 4.1 The progress against the Internal Audit Plan for 2009/10 is summarised in Table 1 below.

**Table 1: Summary of progress against Internal Audit Plan 2009/10**

<b>Audit Stage</b>	<b>Explanation</b>	<b>No.</b>	<b>%</b>
Not Started	Planned but not started	57	55%
Planning	Planning of audit reviews including agreement of terms of reference with client	6	6%
Fieldwork	In progress (Interviews, documenting, evaluating and testing of risks and controls)	21	21%
Draft Report	Draft audit report issued and being agreed with client	10	10%
Final Report	Final agreed audit issued and audit complete	8	8%

- 4.2 There has been an impact on the achievement of the Internal Audit Plan so far this year due to staff vacancies within the team. This also resulted in a larger than normal amount of residual work from 2008/09, completed in quarter 1 which has also impacted.
- 4.3 We are currently in the recruitment process for one Audit Manager and two Internal Auditors. In addition we are in the process of recruiting temporary staff to backfill.
- 4.4 The level of advisory work has been higher than expected due principally to our quality assurance role in the Single Status Project. This work is considered to be important and well received in providing assurance.
- 4.5 The achievement of the Annual Internal Audit Plan is based on the issue of final reports i.e. audits completed. The target for the year is 95% and we are still confident in achieving this.

#### 5. Final Audit Reports Issued

- 5.1 During the period, eight audit reviews have been completed to final report stage. Audit reports are issued as final where their contents have been agreed with client management, in particular management actions with responsibility and timescale. The audit is then effectively closed except for the scheduled implementation review of agreed actions.

One of these, Bereavement Services gave limited assurance with a high number of audit recommendations (43 medium priority) and we have worked closely with management to address the issues raised.

- 5.2 The eight final audit reports issued are shown in table 2 below which includes the assurance levels given and number of agreed actions under assigned priority level.

**Table 2: Final Reports Issued**

Audit	Report Status	Assurance Level	Agreed Actions and Priority		
			High	Medium	Low
Annual Governance Statement 2008/09	Final	–	–	–	–
Premises Security	Final	Reasonable	0	6	0
Housing Local Delivery Vehicle – Project Management	Final	Substantial	0	5	0
Highways Minor Works	Final	Reasonable	0	5	0
HR/Payroll System Implementation – Project Management	Final	Substantial	0	0	0
Bereavement Services	Final	Limited	0	43	0
Housing Allocations	Final	Substantial	0	4	0
Decent Homes – Data Quality	Final	Reasonable	0	3	1

- 5.3 The statement on the level of assurance on the effectiveness of internal controls and mitigation of risks, for each audit is a best practice requirement. Members should also note that the assurance levels assigned and agreed are subjective and based on materiality and significance. They often therefore have no direct relationship with the number of agreed actions to recommendations made.

- 5.4 There are currently five levels of audit assurance used and these are summarised as follows:

<b>FULL</b>	There is a sound system of internal control designed to achieve system and service objectives. All major risks have been identified and managed effectively.
<b>SUBSTANTIAL</b>	Whilst there is basically a sound system of internal control, there are weaknesses that put system objectives at risk.
<b>REASONABLE</b>	Controls are in place but there are gaps in the process. There is therefore a need to introduce additional controls.
<b>LIMITED</b>	Weaknesses in the system of control and /or level of compliance are such to put the system objectives at risk.
<b>NO</b>	Control is significantly weak or non existent leaving the system open to high level of risk from abuse, fraud and error.

## 6. Advice and Support to Directorates

6.1 We have continued to be pragmatic in providing professional proactive advice and this element of our work is seen as invaluable by directorates, particularly in areas of change management. By taking this proactive approach, often problems and risks can be avoided. In addition to the single status work (see para. 4.4.), specific areas include recruitment, contract management, financial management, information security, intranet, codes of conduct and single status.

## 7. Performance of Audit & Business Risk

7.1 To achieve planned coverage and deliver a high quality service we have well established performance indicators, agreed annually as part of the Internal Audit Plan. Table 3 provides members with an overview of the performance of Audit & Business Risk against the key targets set.

**Table 3: Performance against targets**

Performance Indicators	Target for Year	Actual to Date
<b>Effectiveness</b>		
% of agreed recommendations	98%	97%
% implementation of agreed management actions	85%	88%
<b>CPA/CAA Use of Resources Score for Internal Control</b>	Level 4	N/A
<b>Efficiency</b>		
% of planned days delivered	100%	34%
% of productive time	71%	76%
Achievement of Annual Internal Audit Plan	95%	9%
% of draft reports issued within 10 days of fieldwork completion	90%	98%
% response by client to draft reports within 15 days	90%	86%
% of issue of final reports within 10 days of agreement	95%	91%
<b>Quality of Service</b>		
% of customer satisfaction feedback in very good or good	90%	95%

## **8. FINANCIAL & OTHER IMPLICATIONS:**

### **8.1 Financial Implications:**

The Internal Audit Plan for 2009/10 will be delivered within existing budgetary resources. Any reduction in internal audit work would have a negative impact on for example financial probity and value for money. This in turn would have a negative impact on the council's finances through increased financial risk.

*Finance Officer Consulted: Patrick Rice*

*Date: 16<sup>th</sup> September 2009*

*Head of Financial Services – Corporate & Environment*

### **8.2 Legal Implications:**

Regulation 6 of The Accounts & Audit Regulations 2003 (as amended by the Accounts and Audit Regulations (Amendment) (England) Regulations 2006) require the Council to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.

*Laywer Consulted: Oliver Dixon*

*Date: 16<sup>th</sup> September 2009*

### **8.3 Equalities Implications:**

There are no direct equalities implications arising directly from this report

### **8.4 Sustainability Implications:**

There are no direct sustainability implications arising from this report.

### **8.5 Crime & Disorder Implications:**

There no direct implications for the prevention of crime and disorder arising from this report.

### **8.6 Risk and Opportunity Management Implications:**

The Internal Audit Plan and its outcome is a key part of the Council's risk management process. The internal audit planning methodology is based on risk assessments that include the use of the council's risk registers.

### **8.7 Corporate / Citywide Implications:**

Robust corporate governance arrangements are essential to the sound management of the City Council and the achievement of its objectives as set out in the Corporate Plan.

## **SUPPORTING DOCUMENTATION**

### **Background Documents**

1. Internal Audit Plan 2009/10
2. Code of Practice for Internal Audit in Local Government (CIPFA) 2006
3. Accounts & Audit Regulations 2003 (Amended 2006)



**MINUTES EXTRACT FROM THE MEETING OF THE OVERVIEW & SCRUTINY COMMISSION HELD ON 2 JUNE 2009 – REPORT APPENDED AT APPENDIX 1**

<b>Subject:</b>	<i>ICT Risk – Business Continuity</i>		
<b>Date of Meeting:</b>	29 September 2009		
<b>Report of:</b>	<i>Director of Strategy &amp; Governance</i>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Mary van Beinum</b>	<b>Tel:</b> 29-1062
		<b>Scrutiny Officer</b>	
	<b>E-mail:</b>	mary.vanbeinum@brighton-hove.gov.uk	
<b>Wards Affected:</b>	All		

**BRIGHTON & HOVE CITY COUNCIL**

**OVERVIEW & SCRUTINY COMMISSION**

**4.00PM 2 JUNE 2009**

**COUNCIL CHAMBER, HOVE TOWN HALL**

**MINUTES EXTRACT**

**Present:** Councillors Mitchell (Chairman); Alford, Meadows, Morgan, Older, Pidgeon (Deputy Chairman), Randall, Wakefield-Jarrett and Watkins

**PART ONE**

**8. ICT RISK - BUSINESS CONTINUITY**

- 8.1 The Head of ICT Technical Services introduced the report in response to possible concerns at the February Audit Committee regarding ICT systems risks. The report was to provide reassurance on the actions that were being taken.
- 8.2 The business continuity plan for ICT includes annual testing of the resilience of the core infrastructure for data and telephony systems and the new Assistant Director of ICT in post since November was developing and driving through the plans previously in place.
- 8.3 The plans allowed for communications internally and externally in the event of disaster. For the future they were being extended to include better use of currently deployed technology to meet more of the authority's business needs in the event of different scenarios.

- 8.4 Members were concerned that there had been no ICT Assistant Director in post for more than a year. There was a question as to whether the public would have confidence that calls were being dealt with locally, if non-geographical phone numbers were to be introduced.
- 8.5 Replying to a query about staffing, the Head of ICT Technical Services said there were partnership arrangements for IT specialists to support systems across the authority in the event of a disaster. Staff training in the use of different ICT systems was important and there was provision for key staff to work remotely for example if in a disaster buildings could not be accessed.
- 8.6 The Commission discussed home working and the possible use of videoconferencing. The Head of ICT Services said that with the migration to 'outlook' e-mail and the availability of instant messaging there was now a unified communications framework to help support staff away from their desks.
- 8.7 A Member group to monitor progress on ICT developments was suggested.
- 8.8 **RESOLVED:** that the report be noted.

The meeting concluded at 6.00pm

Signed

Chair

Dated this

day of

# OVERVIEW AND SCRUTINY COMMISSION

**Agenda Item 8**  
Brighton & Hove City Council

**Subject:** ICT Risk – business continuity  
**Date of Meeting:** 2 June 2009  
**Report of:** Interim Director of Finance and Resources  
**Contact Officer:** Name: **Paul Featherstone** Tel: **29-0433**  
**Head of ICT**  
E-mail: Paul.featherstone@brighton-hove.gov.uk  
**Wards Affected:** All

## FOR GENERAL RELEASE

### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 The Audit Committee meeting on 24<sup>th</sup> February 2009 considered the Business Continuity risks around ICT services, and resolved to refer ICT risks to the Overview and Scrutiny Committee to consider in the 2009-10 work plan.
- 1.2 This report sets out the current position and future moves for ICT resilience.

### 2. RECOMMENDATION:

- 2.1 That the Commission consider and comment on the progress being made.

### 3. BACKGROUND INFORMATION

#### **The current position with ICT and Business Continuity**

- 3.1 ICT had been without a permanent Assistant Director for approximately 1 year, and during this time there had been limited clarity over the work that has been undertaken to mitigate ICT risks around Business Continuity.

- 3.2 The council's Business continuity manager reported that he was optimistic that the situation would improve with the appointment of a new Assistant Director.
- 3.3 ICT have designed the current base infrastructure with a view to maintaining resilience for core key systems. The current base however, while capable of maintaining core services in the event of a disaster, still requires some work to improve the systems covered.
- 3.4 Core services are those services that have been identified by the Business Continuity Manager in consultation with service areas and for these services there are specific disaster recovery plans in place that are tested on an annual basis.
- 3.5 Currently ICT systems have improved resilience by:
- Running from two main computing facilities – each using different parts of the main electricity grid
  - In each facility, a data store that has data replicated between the two sites and a number of servers that are not fully utilised
  - A program of server virtualisation (this allows faster moving of applications from one facility to the other)
  - Contracts in place with external business continuity service providers
- 3.6 Telephone resilience is catered for by:
- Operating two different telephony systems, one hosted externally
  - Having the internal system designed to be resilient and removing single points of failure.
- 3.7 All these systems are supported by documentation to allow straightforward changes and recovery by skilled ICT technical staff, although without requiring high level specialist skills in the given system.

### **Future moves for ICT resilience**

- 3.8 In the ICT plan for the coming year there is some additional work planned to improve the resilience:
- Moving our telephone lines onto the most appropriate system – for example moving the public facing lines to the internal system
  - Investigating non-geographic numbering (0845, 0844)

- Improved document management, ensuring that the appropriate recovery documentation remains current and accessible
- Investigating new locations for the main facilities

### **Continuity for the support of ICT**

- 3.9 In order for these Business Continuity and Disaster Recovery plans to be useful and relevant, there is a supporting ICT Business Continuity plan. This concentrates on being able to maintain the ability for council staff and elected members to be able to contact ICT. The ICT service desk is the key point of contact and there is a tested business continuity plan around this.
- 3.10 This is supplemented by key ICT staff having the ability to work from any location, including their own home. These staff have council installed equipment to enable this and also to support the continued operation of ICT.

### **4. CONSULTATION**

None directly in relation to this report.

### **5. FINANCIAL & OTHER IMPLICATIONS:**

To follow.

### **SUPPORTING DOCUMENTATION**

None



Document is Restricted





Document is Restricted

