



Brighton & Hove
City Council

Overview & Scrutiny

Title:	Overview & Scrutiny Commission
Date:	14 December 2010
Time:	4.00pm
Venue	Council Chamber, Hove Town Hall
Members:	Councillors: Mitchell (Chairman), Pidgeon (Deputy Chairman), Bennett, Cobb, Elgood, Kennedy, Morgan, Older, Peltzer Dunn, Wakefield-Jarrett and Meadows
Contact:	Tom Hook Head of Overview & Scrutiny 29-1110 tom.hook@brighton-hove.gov.uk

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OVERVIEW & SCRUTINY COMMISSION

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For further details and general enquiries about this meeting contact Mary van Beinum, Overview & Scrutiny Support Officer, (29-1062, email mary.vanbeinum@brighton-hove.gov.uk) or email scrutiny@brighton-hove.gov.uk

Date of Publication - Monday, 6 December 2010

Agenda Item 45

A. Declaration of Substitutes

Where a Member of the Commission is unable to attend a meeting for whatever reason, a substitute Member (who is not a Cabinet Member) may attend and speak and vote in their place for that meeting. Substitutes are not allowed on Scrutiny Select Committees or Scrutiny Panels.

The substitute Member shall be a Member of the Council drawn from the same political group as the Member who is unable to attend the meeting, and must not already be a Member of the Commission. The substitute Member must declare themselves as a substitute, and be minuted as such, at the beginning of the meeting or as soon as they arrive.

B. Declarations of Interest

- (1) To seek declarations of any personal or personal & prejudicial interests under Part 2 of the Code of Conduct for Members in relation to matters on the Agenda. Members who do declare such interests are required to clearly describe the nature of the interest.
- (2) A Member of the Overview and Scrutiny Commission, an Overview and Scrutiny Committee or a Select Committee has a prejudicial interest in any business at meeting of that Committee where –
 - (a) that business relates to a decision made (whether implemented or not) or action taken by the Executive or another of the Council's committees, sub-committees, joint committees or joint sub-committees; and
 - (b) at the time the decision was made or action was taken the Member was
 - (i) a Member of the Executive or that committee, sub-committee, joint committee or joint sub-committee and
 - (ii) was present when the decision was made or action taken.
- (3) If the interest is a prejudicial interest, the Code requires the Member concerned:-
 - (a) to leave the room or chamber where the meeting takes place while the item in respect of which the declaration is made is under consideration. [There are three exceptions to this rule which are set out at paragraph (4) below].
 - (b) not to exercise executive functions in relation to that business and
 - (c) not to seek improperly to influence a decision about that business.
- (4) The circumstances in which a Member who has declared a prejudicial interest is permitted to remain while the item in respect of which the interest has been declared is under consideration are:-

(a) for the purpose of making representations, answering questions or giving evidence relating to the item, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise, BUT the Member must leave immediately after he/she has made the representations, answered the questions, or given the evidence,

(b) if the Member has obtained a dispensation from the Standards Committee, or

(c) if the Member is the Leader or a Cabinet Member and has been required to attend before an Overview and Scrutiny Committee or Sub-Committee to answer questions.

C. Declaration of party whip

To seek declarations of the existence and nature of any party whip in relation to any matter on the Agenda as set out at paragraph 8 of the Overview and Scrutiny Ways of Working.

D. 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 confidential 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.

BRIGHTON & HOVE CITY COUNCIL
OVERVIEW & SCRUTINY COMMISSION
4.00PM 19 OCTOBER 2010
COUNCIL CHAMBER, HOVE TOWN HALL
MINUTES

Present: Councillors Mitchell (Chairman); Pidgeon (Deputy Chairman), Cobb, Elgood, Kennedy, Morgan, Older, Peltzer Dunn, Wakefield-Jarrett and Meadows

PART ONE

34. PROCEDURAL BUSINESS

34.1 The Chairman reminded the meeting that proceedings were being recorded and broadcast.

34a Declarations of Substitutes

There were none.

34b Declarations of Interests

Councillor Mitchell declared a prejudicial interest in item 41, as a member of the Brighton & Hove Strategic Partnership. Councillor Kennedy was a Member of Phoenix Arts, an organisation in receipt of Business Rate Relief. Councillor Morgan was a Trustee of the Crew Club also in receipt of Business Rate Relief.

34c Declaration of Party Whip

There were none.

34d Exclusion of Press and Public

In accordance with section 100A(4) of the Local Government Act 1972, it was considered whether the press and public should be excluded from the meeting during the consideration of any items contained in the agenda, having regard to the nature of the business to be transacted and the nature of the proceedings and the likelihood as to whether, if members of the press and public were present, there would be disclosure to them of confidential or exempt information as defined in section 100I (1) of the said Act.

34 RESOLVED: That the press and public be not excluded from the meeting.

35. MINUTES OF THE MEETING HELD ON 7 SEPTEMBER

35.1 The Assistant Director, Customer Services answered a question by clarifying that the elections team would work to resolve known issues before the May 2011 elections. The full review of polling stations would start in 2011.

35.2 The minutes of the meeting held on 7 September were agreed and signed by the Chair.

36. CHAIR'S COMMUNICATIONS**37. PUBLIC QUESTIONS/ LETTERS FROM COUNCILLORS/REFERRALS FROM COMMITTEES/NOTICES OF MOTION REFERRED FROM COUNCIL**

37.1 There were none.

38. NATIONAL NON-DOMESTIC RATES DISCRETIONARY RATE RELIEF

38.1 The Revenues and Benefits Manager introduced the report. The full draft policy document was being consulted upon until the end of November 2010 and was available on request. The final proposed policy would be reported to Cabinet.

38.2 The Assistant Director, Customer Services noted that officers in the Revenues and Benefits team made decisions on the merits of each case against the agreed criteria. She clarified that funding proposals would actively feed into the budget process for 2011-2012.

38.3 The Revenues and Benefits Manager answered a query on the flexibility available in assessing applications; the Council actively tried to support organisations trying to contribute to the community.

38.4 Members asked about cost-effectiveness of the application process where the value of the award was relatively low. Officers agreed to provide further information on organisations in receipt of business rate relief and information on the Council's discretion in awarding NNDR DRR.

38.5 **RESOLVED;** that the policy aims be noted and further information be requested as minuted above at 38.4.

39. INTELLIGENT COMMISSIONING PILOTS UPDATE

39.1 The Head of Policy introduced the report on Intelligent Commissioning Pilots. He said the Public Service Board had for some time been looking at ways of working, including the potential for more joint commissioning across the City.

39.2 He said there was much work currently being done by the Public Service Board and Local Strategic Partnership. In particular there were 8 or 9 projects under way looking at:

a) Resource mapping – drawing on the 13 Total Place national pilots on specific service areas to understand; who has resources, how decisions are being made, what is being done and how effective is this?

b) Improving the needs assessment process for intelligent commissioning to better understand the issues affecting the City – who is affected, why and what is the most successful approach in tackling the issues and developing a shared framework for decision-making. For example, child poverty. Aspirational needs are being looked at by the Economic Partnership.

c) The Strengthening Communities review – involving communities in expressing their needs, how needs are best met and how communities can respond eg via the voluntary sector of community groups. The Public Service Board is asking the Community and Voluntary Sector to help shape and information and engage to get heard the voice of communities.

39.3 Forward discussions and a workshop with the Public Service Board, LSP and experts from the national Total Place pilots, identified that some areas lent themselves well to piloting the intelligent Commissioning model.

39.4 Domestic violence, drugs and alcohol were selected as pilots as they are key issues for Brighton & Hove authorities and organisations to deal with in partnership. Performance challenges were being addressed but there were still issues to tackle in these areas.

39.4 The Head of Community Safety told the meeting that the pilots, led by two steering group in the 3 areas of drug-related deaths, alcohol and domestic violence, involved consultation and engagement with a wide variety of stakeholders including Partnerships and the Community and Voluntary Sector Forum. Challenge sessions had been held.

39.5 The findings of the pilots would form the basis of intelligent commissioning from April 2011 in those areas and accumulated lessons learned would feed into a wider framework for the City as a whole.

39.6 The tasks to complete the needs assessments were large and challenging. Analysts from the partnership Community Safety Team, Primary Care Trust, Corporate Performance Team and Police, were taking part.

39.7 A process of service mapping is recording the range of services delivered in the City for children and young people, adults and vulnerable needs groups. Generally there is very little information on unit costs. This is an area for improvement in the future.

39.8 Service models are to be investigated to find those that are cost effective, give the best value for money and the best outcomes. A key goal is to start to move investment from crisis intervention more towards early support and preventative work.

39.9 The next stage will be to present the results of the needs assessment and service mapping, so that deeper knowledge and experience of services; for instance from constituents, can be incorporated.

39.10 In order to do this, the Head of Community Safety suggested that one element could be a workshop for OSC Members that would present the data for the Commission's comment.

39.11 Later, after agreement on desired outcomes; also taking aspirational outcomes into account; draft Commissioning recommendations and a draft Commissioning Plan can be drawn up followed by contractual arrangements including arrangements for performance monitoring and review. This process may need to be repeated.

39.12 These will then link with the new decision-making pathway being developed to incorporate all learning from pilots into a framework for the City.

39.13 The Head of Policy outlined the continuous commissioning cycle; understanding the need and key issues; planning the activity; delivering services and review.

39.14 He said exploratory work was going on both internally and with Partners to develop Members' and Strategic Partners involvement at various stages in the cycle. These included

scoping of the commissioning; testing robustness of the needs analysis; agreeing the commissioning strategy; monitoring service delivery and review effectiveness.

39.15 Asked about O&S involvement in the pilot stages, the Head of Community Safety said that a workshop in November would provide the Commission with an opportunity to consider the data that had been collected on needs analysis and service mapping. By this time, some outcomes would start to emerge. Pilots were anticipated to finish by the end of the year.

39.16 The Commission discussed the options and welcomed the suggestion of a half-day workshop during November with a formal response being reported back to the next OSC meeting.

39.17 Members congratulated the officers on a strong report and on the pilots that may well be national best practice nationally for advance work on commissioning

39.18 Replying to a question, the Head of Community Safety said there was no new funding overall; but different funds would come from different sources.

39.19 For example the Alcohol Programme Board was led by the Chief Executive of the Primary Care Trust; the commissioned services would achieve outcomes hitherto unachievable to the benefit of the local authority, partners and the city as a whole.

39.20 Members were concerned that the role of scrutiny be set out formally and asked that the steering groups develop a timetable to include Scrutiny input to the pilot process.

39.21 **RESOLVED** (1) that an Intelligent Commissioning workshop be arranged for OSC during November.

(2) that the outcome from the IC workshop and further information on the decision-making pathway including the stages for scrutiny, be reported to the next OSC meeting, 14 December.

40. TARGETED BUDGET MANAGEMENT MONTH 4

40.1 The Acting Assistant Director – Financial Services introduced the report that had been presented to 14 October Cabinet. He gave an update on the Value for Money Programme.

40.2 There was a question on the number of fleet vehicles, and how many needed replacement. A reply would be provided.

40.3 **RESOLVED**; that the report be noted.

41. LSP - DISCUSSION WITH CHAIRMAN AND UPDATE

41.1 Councillor Mitchell welcomed the Chairman of the Strategic Partnership Roger French OBE to give a progress report to the meeting as set out in the agenda paper.

41.2 Councillors Mitchell and Wakefield-Jarrett are Members of the LSP; the Local Authority has a leadership role and is represented on all the thematic partnerships. Roger French said he was particularly pleased that the partnership was regarded by the Comprehensive Area Assessment (CAA) as strong and mature.

41.3 Noting that the Local Area Agreement (LAA) had been abolished he said a fresh approach would be taken by joint agreement but that the Sustainable Community Strategy was the cornerstone of the current work of the thematic partnerships and still on track to be implemented.

41.4 Partnership Development Workshops had been held to agree priorities. The role of the LSP in Intelligent Commissioning was being considered. There were also to be updated partnership agreements, including for the Transport Partnership that had been established in October 2009.

41.5 He said that all involved were to be congratulated in working together to find common priorities. He hoped a bid jointly with West Sussex County Council to create a Local Enterprise Partnership would be successful.

41.6 In addition to completing and launching the Sustainable Community Strategy, a lot of good partnership work during the year had also included development of the 10:10 campaign; City Volunteering Strategy; Community Engagement Framework; Housing Strategy, the Consultation Portal and Advice Services Strategy Group.

41.7 Since the last progress report there had been a number of changes at a national level which would impact on partnership; the discontinuation of the Comprehensive Area Assessment, Audit Commission, National Indicators, South East England Development Agency and Government of the South East as well as the LAA.

41.8 Members of the Overview and Scrutiny Commission queried a number of areas and heard replies from Roger French and the Head of Partnerships and External Relations:

- How will performance be monitored? – A performance framework would be developed - Partnership Development workshops are taking partners' views into account
- How will changes to the Health Sector be taken into account? – The structure of the Partnerships was being reviewed.
- How will partnership work on child poverty be affected? – Joint workshops are being held with a view to a report in December.
- What is the role of partnerships in intelligent commissioning (IC) and what is the timetable for involvement? – Joint working on restructuring and new processes is considering this. The IC pilots on Domestic Violence and Drugs, (report elsewhere on this agenda) provided lessons to learn and these would be incorporated in future working.

41.9 Summarising, the Head of Partnerships and External Relations said there would be a report to the Public Service Board on a range of on-going work taking into account the new Council Strategic Director structure, outcomes from the Partnership Development Workshops, consideration of the Thematic Partnerships plus innovations in sustainability and engagement.

41.10 The Chairman looked forward to more information as the partnerships developed and thanked Roger French for a thorough progress report. She said this was the only Forum where members have an opportunity to hear about the Strategic Partnership and comment.

41.11 The Chairman of the LSP reminded the meeting that Scrutiny of partnerships was welcomed; and in their role of holding to account, Scrutiny Committees may wish to invite Chairs of the Partnerships to future meetings.

41.12 RESOLVED That the report be noted

42. O&S COMMITTEE UPDATE - CYPOSC

42.1 Councillor Averil Older, Chairman of Children and Young People Overview and Scrutiny Committee gave a verbal update on the work for the Committee this year. This has included:

For Education: Reports on: Falmer Academy; Ofsted Inspections; Universal Free School Meals; Traveller Education Service

For Health; Childhood Obesity; Teenage pregnancy; Update and Review of Therapy Services for the Disability Service

For the Children & Young People's Plan (CYPP) and the Trust: Sure Start Children's Centres; Consultation on the CYPP; Performance Improvement Reports; Children's Rights and Equalities; Child Poverty; New Council responsibilities for 16-19 Education & Training; Changes to governance arrangements of the Trust Board

For Social Services; Corporate Parenting; Safeguarding

42.3 Scrutiny Panels on Children & Alcohol and School Exclusions have been completed and endorsed.

42.3 CYPOSC has considered the Children and Young People Trust's Budget strategy and in-Year Grant savings

42.4 There have been Councillor questions on: St. Mary's School Closure; School Examination and test results; Primary school Places

42.5 Workshops were held on Children Health Joint Needs Assessment, the draft CYPP and more recently a group was set up to look at the Audit Commission's One Place Report on Under-Achievement.

42.6 For the future CYPOSC is to focus on budget savings in Children's Services; the draft youth services review and consultation on the Child Poverty Strategy.

42.7 RESOLVED that the report be noted

43. OSC WORK PROGRAMME AND GENERAL UPDATE

43.1 The Head of Scrutiny updated the Commission on the work of scrutiny panels and new topics for scrutiny review, Private Sector Agents, Renewable Energy and Music Industry, following consultation during the Summer.

43.2 He referred to the Benchmarking undertaken by the Centre for Public Scrutiny following a survey in 2009. The Chairman commented that in comparison with other authorities, good scrutiny work is being done in Brighton & Hove and good value for money.

43.3 With regard to temporarily co-opting a non-voting third sector representative as set out in Appendix 3 of the report, the Head of Scrutiny said that co-opted members can provide scrutiny with additional viewpoints.

43.4 It was also suggested that additional publicity be arranged for scrutiny meetings on budget-setting at a time when budget reductions were being discussed.

43.5 Following a vote it was agreed to co-opt temporarily a third sector representative on to 14 December and 1 February 2011 meetings of the Overview and Scrutiny Commission that focus on the draft budget proposals.

43.6 RESOLVED; that a third sector representative be temporarily be co-opted onto Overview and Scrutiny Commission as set out at Appendix 3.

44. ITEMS TO GO FORWARD TO CABINET MEMBER, CABINET OR FULL COUNCIL

44.1 None.

The meeting concluded at 6.00pm

Signed

Chair

Dated this

day of

OVERVIEW AND SCRUTINY COMMISSION

Agenda Item 49

Brighton & Hove City Council

Subject: Targeted Budget Management (TBM) 2010/11
Date of Meeting: CABINET 11 November 2010
OSC 14 December 2010
Report of: Director of Finance
Contact Officer: Name: Patrick Rice Tel: 29-1333
E-mail: patrick.rice@brighton-hove.gov.uk
Key Decision: Yes Forward Plan No: CAB16789
Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT

1.1 This report set out for 11 November Cabinet the revenue and capital forecast outturn position as at month 6.

N.B. It is being presented to 14 December Overview and Scrutiny Commission with the recommendation to note the report and extract from the Cabinet minutes which appears as Appendix 6.

2. RECOMMENDATIONS

2.1 That Cabinet notes the provisional outturn position for the General Fund.

2.2 That Cabinet notes the provisional outturn for the Section 75 Partnerships and Housing Revenue Account (HRA) for 2010/11.

2.3 That Cabinet notes progress against achievement of the 2010/11 efficiency savings as set out in Appendix 2.

2.4 That Cabinet approves the changes to the capital programme, as set out in appendices 3, 4 and 5.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS

3.1 The table below shows the provisional outturn position for council controlled budgets within the General Fund and the outturn on NHS managed S75 Partnership Services.

Forecast Outturn Month 4 £'000	Directorate	2010/11 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
312	Adult Social Care	36,563	36,929	366	1.0%
626	S75 Learning Disability Services	23,200	23,738	538	2.3%
1,653	Children & Young People's Trust	50,827	52,417	1,590	3.1%
(349)	Finance & Resources	18,811	18,802	(9)	0.0%
115	Strategy & Governance	12,934	13,031	97	0.7%
797	Environment	38,108	38,278	170	0.4%
49	Housing, Culture & Enterprise	16,808	16,801	(7)	0.0%
3,203	Sub Total	197,251	199,996	2,745	1.4%
(2,415)	Centrally Managed Budgets	26,485	24,059	(2,426)	-9.2%
788	Total Council Controlled Budgets	223,736	224,055	319	0.1%
414	NHS Trust managed S75 Services	12,328	12,737	409	3.3%
1,202	Total Overall Position	236,064	236,792	728	0.3%

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 Outturn Month 4 £'000	Housing Revenue Account	2010/11 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Variance Month 6 %
(214)	Expenditure	48,202	47,772	(430)	-0.9%
252	Income	(48,202)	(47,918)	284	0.6%
38	Total	-	(146)	(146)	

Corporate Critical Budgets

3.3 Targeted Budget Management (TBM) is based on the principles that effective financial monitoring of all budgets is important. However, there are a small number of budgets with the potential to have a material impact on the council's

overall financial position. These are significant budgets where demand or activity is difficult to predict with certainty and where relatively small changes in demand can have significant financial implications for the council's budget strategy. These therefore undergo more frequent, timely and detailed analysis. Set out below is the forecast outturn position on the corporate critical budgets.

Forecast Outturn Month 4 £'000	Corporate Critical	2010/11 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
1,361	Child Agency & In House	22,328	23,675	1,347	6.0%
406	Sustainable Transport	(1,321)	(1,222)	99	7.5%
(350)	Housing Benefits	175,500	175,210	(290)	-0.2%
(160)	Concessionary Fares	7,712	7,300	(412)	-5.3%
253	Community Care	22,921	23,074	153	0.7%
626	Section 75 Learning Disabilities	23,200	23,738	538	2.3%
2,136	Total Council Controlled	250,340	251,775	1,435	0.5%
414	S75 NHS & Community Care	12,328	12,737	409	3.3%
2,550	Total Corporate Criticals	262,668	264,512	1,844	0.7%

Collection Fund

- 3.4 There is a forecast in year deficit on the collection fund of £0.5m as a result of a reduced liability for 2010/11. The reasons for the reduced liability include an increased number of exemptions being claimed for vacant dwellings, increases in second home discounts and a higher than anticipated number of new single person discounts being claimed. The Council's share of the in year deficit is £0.426 million and this will need to be met from reserves as part of the 2011/12 budget setting process.

Annual Efficiency Savings

- 3.5 The Comprehensive Spending Review 2007 assumes that, nationally local authorities will deliver 3% cash releasing gains year on year. Progress made by authorities has so far been reported by National Indicator NI 179 which measured Value For Money gains since the start of the 2008/09 financial year. It should be noted that the requirement to report against this National indicator has now been removed.
- 3.6 The requirement to produce 3% cash releasing gains is reflected in the Medium Term Financial Strategy. Appendix 2 to this report summarises the efficiency savings agreed as part of the 2010/11 budget process and current progress against their achievement. Variances to the agreed efficiencies are included in the directorate forecasts.

Value for Money Programme – Update

- 3.7 Efficiency savings (benefits realisation) from the council's six priority value for money projects for 2010/11 are fully incorporated in the above TBM forecast and Appendix 1. A detailed update on the Value for Money Programme was reported to Cabinet at its October meeting.

Capital Budget 2010/11

- 3.8 This part of the report details the expected capital programme outturn for 2010/11, highlights any programme slippage, details new schemes and budget changes and seeks approval for slippage to the 2011/12 programme. Appendices 3, 4 and 5 to this report show in detail the proposed changes to the budget, resulting in a capital programme budget of £108.139 million.

Capital Forecast Outturn

- 3.9 As stated above, changes are proposed to the capital programme these are summarised in Appendix 4.

Capital Overspends & Underspends

- 3.10 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.
- 3.11 The Council's overall projection is a net underspend of £0.022 million on all capital schemes. In Environment, project managers have identified a net overspend of £0.060 million of which the majority (£0.048 million) relates to the Horsdean Travellers site which has suffered from vandalism. The Housing Revenue Account is forecasting a net underspend of £0.082 million in respect of savings in unit costs of empty property works partly offset by additional roofing works.

Capital Slippage

- 3.12 No slippage has been identified at this time.

Capital Receipts

- 3.13 Capital receipts are used to support the capital programme. For 2010/11 the programme is fully funded, however, any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds such as the Strategic Investment Fund, Asset Management Fund and ICT Fund.

- 3.14 Capital receipts (excluding housing) are estimated to be £1.125 million for 2010/11 of which £1.065 million has been received to date which includes the disposal of Cedars Lodge, the deposit for American Express and the final balance on Pioneer House. This leaves £0.060 million of receipts to be achieved during the remainder of the financial year.
- 3.15 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 eligible elements of the capital programme including council housing investment. The estimated total useable receipts for 'right to buy' sales is £0.492 million for this financial year and to date £0.152 million has been received.

Comments by the Director of Finance

- 3.16 The forecast outturn position on the revenue budget shows an improvement since month 4, the largest factors being an improved position on the corporate critical budgets for Sustainable Transport and Concessionary Fares. Prompt action was initiated following the month 2 forecast to ensure rigorous review of the delivery of the planned VFM savings targets and to develop further financial recovery plans. It is expected that those financial recovery plans will further improve the forecasts on individual directorate budgets.

4. CONSULTATION

- 4.1 No specific consultation was undertaken in relation to this report.

5. FINANCIAL & OTHER IMPLICATIONS

Financial Implications:

- 5.1 The financial implications are covered in the main body of the report.

Legal Implications:

- 5.2 In reaching its decisions in relation to its budget, the Council needs to have regard to a number of general points. It must provide the services, which, statutorily, it is obliged to provide. Where there is power to provide services, rather than a duty, it has discretion to provide such services. It must observe its other legal duties, such as the duty to achieve best value and comply with the Human Rights Act 1998. It must act in accordance with its general fiduciary duties to its Council Tax payers to act with financial prudence. Finally, it must bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts.

Lawyer Consulted:

Oliver Dixon

Date: 27/10/10

Equalities Implications:

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

Sustainability Implications:

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

Crime & Disorder Implications:

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

Risk and Opportunity Management implications:

5.6 The council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a working balance of £9 million to mitigate these risks as recommended by the Audit Commission and Chartered Institute of Public Finance & Accountancy (CIPFA). The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments.

Corporate/Citywide Implications:

5.7 The Council's financial position impacts on levels of Council Tax and service levels and therefore has citywide implications.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S)

6.1 The forecast outturn position on council controlled budgets is an overspend of £0.319 million; any end of year overspend will need to be funded from general reserves which would then need to be replenished to ensure the working balance did not remain below £9 million. Directorates have developed financial recovery plans so that a break even position is achieved.

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.

SUPPORTING DOCUMENTATION

Appendices

1. Directorate Revenue Outturn Forecasts
2. Achievement of 2010/11 Efficiency Savings
3. Capital Outturn Position
4. Summary of New Capital Schemes
5. Summary of Variations to Budget
6. (Report to OSC: Extract from the draft 11 November Cabinet minutes)

Documents in Members Rooms

None

Background Documents

None

Adult Social Care

Forecast Outturn Month 4 £'000	Division	2010/11 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
312	Adult Social Care	36,563	36,929	366	1.0%
312	Total	36,563	36,929	366	1.0%

Explanation of Key Variances

The forecast overspend of £0.366 million assumes the achievement of a significant service improvement programme of which the Value for Money programme is the most important element. The programme is expected to deliver planned savings of £1.711 million.

The Value for Money Project is budgeted to achieve £1.3 million of savings in the current financial year. Current forecast activity levels indicate that this saving will be largely achieved, this is in the main due to a very successful re-ablement strategy.

The overspend is mainly attributed to the Physical Disabilities community care budget. This is forecast to overspend by £0.253 million which is unchanged from TBM 4 and an improvement on previous years. This is as a result of the complex caseload and expected 508 Whole Time Equivalent (WTE) placements compared with budget assumption of 463 WTE placements. Regular monitoring and reviews are being carried out to address the in year pressures. The forecast assumes projected growth of 27 WTE which may not materialise and should reduce the forecast for subsequent months.

Children & Young People's Trust

Forecast Outturn Month 4 £'000	Division	2010/11 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
(515)	Director	3,934	3,479	(455)	-11.6%
620	Area Integrated Working	28,552	28,990	438	1.5%
293	Learning , Schools & Skills	4,146	4,486	340	-8.2%
1,255	Commissioning & Governance	14,195	15,462	1,267	8.9%
1,653	Total	50,827	52,417	1,590	3.1%

Explanation of Key Variances

Director (£0.455 million underspend), this budget area relates to the staffing budget of the Director, Assistant Directors and admin support teams. The underspend mainly relates to the decision made by Cabinet in July to reprioritise £0.434 million from unallocated Dedicated Schools Grant (DSG) money to offset the overall directorate overspend. The remaining £0.034 million of this is being used to fund Information Management within the Commissioning & Governance branch. In addition there are savings of £0.055 million in other areas.

Area Integrated Working (£0.438 million overspend), this branch leads on the development of integrated area working, including early intervention and prevention. Area working includes the Youth Service, Children's Centres, Education Psychology Service (EPS), Education Welfare Service (EWS), frontline social work teams; Leaving Care team and the Fostering Service.

The overspend in this branch relates to two main areas: Legal fees and Area Social Work Teams. Legal fees are currently forecast to overspend by £0.340 million. Legal expenses have increased due to changes in the law by the Public Law Outline (PLO). This is due to several factors, primarily the significant increase in the number of children being referred for care proceedings in line with national trends. In addition to this, the Court Fees have been increased by the Ministry of Justice and the cost of the Court issue Fee has increased from £175 to over £4,000 per fully contested case.

The children's social work teams continue to be under pressure because of their statutory duties around child protection and looked after children's duties. There also continues to be a churn in frontline social workers leaving from the most pressurised teams i.e. the children's social work front doors. As a result of both of these factors the majority of the projected overspend within this area of £0.458 million is mainly due to agency social work staff. The branch has a robust rolling programme of recruitment and retention including a bursary scheme to attract newly qualified social workers from the universities. We are presently recruiting to this years bursary programme for Sept 2010. This intake of newly qualified social workers will help towards reduction on dependency on agency social workers.

Learning, Schools & Skills (£0.34 million overspend), the main area of overspend in this area relates to disability agency placements £0.387 million.

Commissioning and Governance (£1.267 million overspend), this branch is responsible for producing and monitoring the Children and Young people's Plan and the effective operation of the council's Section 75 Agreements with our health partners for the joint commissioning and provision of integrated children's services. In addition the branch is responsible for the commissioning and procurement of fostering and residential agency placements for individual children and the oversight and monitoring of associated budgets. The number of placements, and level of expenditure, relates directly to the significant and sustained level of referrals to social care (at times up to 61%) following the Baby P. case and the Laming recommendations. This has resulted in a 46% increase in the number of children with a child protection plan and a 21% increase in the number of looked after children between April 2009 and September 2010. The main areas of overspend in this area relate to Independent Foster Agency Placements of £1.08 million.

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

- increasing the use of the Common Assessment Framework to provide universal and tier 2 services to children and families in need
- driving the implementation of the 'Think Family' approach for families with the most complex needs
- introducing a tiered approach to manage social care referrals from other agencies including the remodelling of social work duty systems and the reinstatement of area and specialist resource panels or similar mechanisms
- improving the commissioning and procurement of expert assessments in care proceedings, strengthening arrangements for early permanence planning and increasing the numbers of in house foster placements able to provide tier 1 care

Finance & Resources

Forecast Outturn Month 4 £'000	Division	2010/11 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
(188)	Finance	6,020	5,960	(60)	-1.0%
(312)	Customers & Information	9,324	9,052	(272)	-2.9%
151	Property & Design	3,467	3,790	323	9.3%
(349)	Total	18,811	18,802	(9)	0.0%

Explanation of Key Variances

Within Finance there is a total forecast underspend of £0.060million. Of, this £0.030 million relates to Financial Services and is due to the service winning the contract to supply financial services to the South Downs National Park, partly offset by one off office and staffing costs associated with a staffing restructure. The remaining £0.030 million relates to a staffing underspend and additional income in Audit & Business Risk.

Customers & Information are forecasting an underspend of £0.272 million. There are underspends of £0.357 million in respect of vacancy management, £0.290 million relating to additional Housing Benefits income based on current subsidy arrangements and additional land charges income of £0.067 million. Offset against these underspends are pressures of £0.253 million on Coroner's medical requisites, professional fees and other supplies and services and £0.119 million relating to an underachievement of Bereavement Services income. In addition there are a number of other smaller overspends including £0.066 million relating to Council Tax / NNDR courts costs and £0.030 million on ICT costs. The reduction in court costs is largely due to a 35% decrease in the number of summonses issued following success in encouraging council tax payers to pay by direct debit.

Property and Design are forecasting a shortfall on rental income of £0.144 million mainly due to lower than expected income from rent reviews. Property and Design will continue to secure the most advantageous rent settlements both for short term and long term gain. The saving from the under 100kw site electricity contract and from the gas contract which both started in April 2010 has been estimated to be approximately £0.028 million.

A sum of £0.0207 million has been set aside to invest in Automatic Meter Readers (AMR's) for non Housing sites. This expenditure is counted as revenue rather than capital under new International Financial Reporting Standards and so is showing against the Property & Design budget.

The installation of AMR's will support the Government and Council's commitment to reduce carbon emissions through lowering energy consumption as part of the 10.10 campaign, as well as legal commitments such as the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme, which specifically states the need for installing AMR's as part of its early action metrics.

Item 49 Appendix 1

By installing and using AMR's the Council will be able to actively monitor and manage its usage through the use of accurate actual reads from each meter. With this data to hand the reliance on estimated bills and gaps in data can be removed allowing for a detailed analysis of high consuming sites with the intention of making savings.

Strategy & Governance

Forecast Outturn Month 4 £'000	Division	2010/11 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
(5)	Equalities & Communities	3,028	3,023	(5)	-0.2%
-	Performance & Analysis	871	871	-	0.0%
-	Legal & Democratic Services	3,109	3,105	(4)	-0.1%
-	Policy Unit	1,098	1,088	(10)	-0.9%
51	Human Resources	3,949	3,996	46	1.2%
-	Executive Office	379	379	-	0.0%
69	Communications	500	569	69	13.8%
115	Total	12,934	13,031	97	0.7%

Explanation of Key Variances

The directorate had a plan in place to deliver the savings of £0.412 million identified in the budget strategy. However, emerging pressures within Communications and Human Resources cannot be fully addressed as at TBM 6. Within Communications there are salary and other service pressures it is anticipated that these will be offset by income surpluses, project contributions from other directorates, and from the communications Value for Money review. Within Human Resources salaries service pressures are offset by income giving a net position of £0.046 million.

The directorate is reviewing all services in order to meet the £0.097 million projected overspend and the following additional management actions have been put in place to address the potential overspend.

- All services are ensuring that all internal and external income is maximised. Communications in particular is finalising the collection of payments for work streams
- Over 80% of all spend within S&G is on salaries. All service areas are actively managing vacant posts where possible in order to reduce costs. In particular HR are managing carefully the number of temporary staff as the new HR system comes into operation. The forthcoming introduction of the manager self serve will further increase the scope of greater in year savings and a reduction in the current projected overspends.
- The Communications Team are expecting to make further savings in year through their VFM programme.
- All service areas are committed to reducing all non essential expenditure internal and external expenditure.

Environment

Forecast Outturn Month 4 £'000	Division	2010/11 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
81	City Services	29,912	29,993	81	0.3%
-	Sport & Leisure	1,937	1,832	(105)	-5.4%
406	Sustainable Transport	(1,321)	(1,222)	99	7.5%
310	City Planning	7,580	7,675	95	1.3%
797	Total	38,108	38,278	170	0.4%

Explanation of Key Variances

The forecast overspend in City Services is due to the cost of providing 24 hour security at Horsdean Traveller Site, £0.057 million, and the higher than budgeted costs of rubbish clearance, £0.031 million. The Traveller Liaison Service has identified underspends of £0.007 million to help offset these pressures.

The forecast underspend in Sport & Leisure is due to additional income achieved from the sale of beach huts, £0.048 million, and through underspends on expenditure budgets of £0.057 million.

Sustainable Transport are forecasting an overspend against budget. The main variance relates to a drop in the number of Penalty Charge Notices being issued; this follows a nationally recognised trend for improved compliance. Should the trend be maintained then the expected income shortfall will be £0.526 million, net of the bad debt provision. On-street Parking Income is forecast to be £0.090 million below target, and income from the ex-leased car parks is expected to be £0.100 million short of budget, owing to the reducing income levels at Regency Square car park. These pressures have been partially offset by a number of forecast underspends, the largest of which is improved income generation at the refurbished Lanes and London Road Car Parks, totalling £0.390 million. Other underspends include £0.150 million following the settlement of a legal dispute relating to coast protection and £0.079 million for other parking underspends. A range of measures have been implemented across the division with the aim of bringing the forecast back to a break even position.

The forecast overspend in City Planning of £0.135 million is due to a shortfall in income generated by the Building Control Service, and loss of the Planning Delivery Grant. Other Planning/Public Protection budgets are expected to underspend against budget by £0.040 million due to vacancy management savings.

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.

Housing, Culture & Enterprise

Forecast Outturn Month 4 £'000	Division	2010/11 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
90	Tourism & Venues	1,637	1,687	50	3.1%
-	Libraries & Information Servs	4,173	4,173	-	0.0%
-	Royal Pavilion & Museums	2,568	2,568	-	0.0%
(41)	Culture & Economy	3,552	3,495	(57)	-1.6%
-	Major Projects & Regeneration	355	355	-	0.0%
-	Housing Strategy	4,523	4,523	-	0.0%
49	Total	16,808	16,801	(7)	0.0%

Explanation of Key Variances

Within Tourism & Venues the income forecast for the Brighton Centre is on target but there is an expected shortfall of income on the Hove Centre of £0.020 million and a pressure on contract costs on the Brighton Centre of £0.070 million which is offset by vacancy management savings of £0.040 million. Income potential will continue to be reviewed to address this pressure.

The Royal Pavilion & Museums are forecasting break even and are on target to achieve their income target for 2010/11.

The underspend on Culture & Economy is largely the result of vacancy management savings.

Housing Strategy is on target to breakeven, the loss of Supporting People Admin grant of £0.164 million is being covered by vacancy management and one-off under-spends on the Supporting People Welfare grant.

Centrally Managed Budgets

Forecast Outturn Month 4 £'000	Division	2010/11 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
(225)	Bulk Insurance Premia	3,019	2,869	(150)	-5.0%
(160)	Concessionary Fares	7,712	7,300	(412)	-5.3%
-	Capital Financing Costs	10,446	10,446	-	0.0%
-	Levies & Precepts	201	201	-	0.0%
(2,030)	Other Corporate Items	5,107	3,243	(1,864)	-36.5%
(2,415)	Total	26,485	24,059	(2,426)	-9.2%

Explanation of Key Variances

The forecast saving on Insurance Premia is as a result of the review of annual insurance arrangements for 2010/11. The forecast saving has reduced since TBM 4 from £0.225 million to £0.150 million, due to an increase in the number of claims in the last couple of months.

On Concessionary Fares there is a £0.252 million increase in the forecast saving bringing the total for the year to £0.412 million. The increase is due to lower than anticipated concessionary journey numbers continuing through the second quarter of 2010/11, which in turn has led to the contingency held for potential increases in journey numbers being released as it is no longer needed.

On Corporate Items there is an ongoing risk provision within Contingency of £0.750 million to cover risks identified in the Learning Disabilities budget and a further £0.750 million to cover uncertainties in the budget. These two risk provisions which total £1.500 million are being used to offset in-year pressures identified elsewhere in the budget. An amount of £0.500 million is being released from contingency following a decision to reduce the 1% set aside to cover pay increases in 2010/11 to 0.5%.

In addition there is a further £0.064 million saving from contingency as a result of £0.030 million recovered from City College relating to Comart that was originally funded from contingency and £0.034 million from contingency for items no longer required.

The one off risk provision of £0.500m which is being used to manage the implementation of the in-year grant reductions.

Section 75 Partnerships

Forecast Outturn Month 4 £'000	Division	2010/11 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
626	Council managed S75 Servs	23,200	23,738	538	2.3%
414	NHS Trust managed S75 Servs	12,328	12,737	409	3.3%
1,040	Total S75	35,528	36,475	947	2.7%

Explanation of Key Variances

Council managed S75 services (Learning Disabilities) are forecast to overspend by £0.538 million. The forecast overspend is attributed to:

- Learning Disabilities mainstream- staffing cost pressures £0.016 million
- Learning Disabilities Community Care-forecast overspend of £0.522 million equivalent to 10 Whole Time Equivalents (WTE's) in residential care

The overspend of £0.538 million assumes the achievement of £1.420 million to deliver savings identified within the budget strategy. The current forecast of the financial recovery plan assumes a further £0.128 million to be delivered in addition to the £1.009 million achieved to date. These Learning Disability pressures are before the application of the corporate contingency of £0.750 million set aside to address identified risks within the budget strategy

NHS Trust managed S75 services forecast overspend of £0.409 million based on the following assumptions:

- Sussex Partnership Foundation Trust (SPFT) – forecast overspend of £0.288 million after delivery of a financial recovery plan (see below). Significant overspends on community care budget (Adult Mental Health £0.425 million, Older People Mental Health £ 0.386 million and Substance Misuse £0.044 million) due to the full year effect of 2009/10 placements offset by vacancy management savings of £0.179 million and assumes the allocation of the joint commissioning pot of £0.450 million held for the development of mental health services (of which a proportion has been allocated to Older People Mental Health).
- South Downs Health Trust (SDHT) – forecast overspend of £0.121 million, due to a staffing pressures on intermediate care services. Options are being explored to deliver savings across a range of service provision.

Sussex Partnership Foundation Trust (SPFT) have developed a Financial Recovery Plan to work towards a reduced overspend position as attached. Savings achieved to date are £0.494 million against a target of £0.829 million. There is ongoing dialogue with SPFT on management of placements.

Generally, the S75 Partnership Agreements require the Integrated Service Providers (Sussex Partnership Foundation Trust and South Downs Health Trust) 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. A risk sharing agreement has been reached in principle for 2010/11.

Housing Revenue Account (HRA)

Forecast Outturn Month 4 £'000	2010/11 Budget Month 6 £'000	Forecast Outturn Month 6 £'000	Forecast Variance Month 6 £'000	Forecast Variance Month 6 %
Housing Revenue Account				
(68) Employees	9,187	8,914	(273)	-3.0%
(66) Premises – Repair	11,468	11,181	(287)	-2.5%
21 Premises – Other	3,110	3,173	63	2.0%
19 Transport & Supplies	2,033	2,222	189	9.3%
(20) Support Services	2,153	2,127	(26)	-1.2%
- Third Party Payments	54	54	-	0.0%
- Revenue contribution to capital	3,543	3,543	-	0.0%
(116) Capital Financing Costs	3,729	3,594	(135)	-3.6%
16 Subsidy Payable	12,925	12,964	39	0.3%
(214) Net Expenditure	48,202	47,772	(430)	-0.9%
(14) Dwelling Rents (net)	(41,613)	(41,617)	(4)	0.0%
55 Other rent	(1,318)	(1,258)	60	4.6%
152 Service Charges	(4,034)	(3,853)	181	4.5%
22 Supporting People	(497)	(486)	11	2.2%
37 Other recharges & interest	(740)	(704)	36	4.9%
252 Net Income	(48,202)	(47,918)	284	0.6%
38 Total	-	(146)	(146)	

Explanation of Key Variances

The forecast for month 6 is an underspend of £0.146 million.

Further analysis of the variances as at month 6 are as follows:

- The employees forecast underspend has increased to £0.273 million due to vacancy management both in Housing Management and Property and Investment. The budget for the new structure for Property and Investment in order to support the new Mears contract, which came into effect from 1 April, assumed a full year establishment for all posts. However, some posts have been recruited to later in the financial year resulting in an underspend.
- The Premises Repairs forecast is an underspend of £0.287 million and includes:
 - Underspend of £0.126 million relating to service contracts which are being procured during 2011/12 and 2012/13 financial years.
 - Underspend of £0.092 million relating to unit cost efficiencies on the works carried out on empty properties due to Mears achieving a reduction in the budgeted unit costs of £387 per unit.
- Transport & Supplies includes £0.100 million towards the phased introduction of Automatic Meter Readers in Housing sites that fall under the gas and electric

contracts. These are being purchased in order to provide more accurate meter readings, support active management of usage and to support the Council's commitment to reduce carbon emissions and meet the requirements of the Carbon Reduction Commitment Energy Efficiency Scheme.

- Capital Financing costs are forecast to underspend by £0.135 million due to forecast interest rates for the year being lower than the assumptions used for budget setting.
- Leaseholder service charges income is projected to underachieve by £0.150 million. This projection has been forecast following analysis of last year's outturn which has shown that the charges are likely to be less than budgeted for.

PROGRESS AGAINST THE ACHIEVEMENT OF THE 2010/11 EFFICIENCY SAVINGS

	Budget £'000	Forecast £'000	Variance £'000	Explanation
Adult Social Care & Housing				
Adult Social Care	(1,811)	(1,711)	100	Refer to Appendix 1 for details.
Housing Strategy	(1,043)	(1,170)	(127)	Based on latest Financial Recovery Plan summary
Sub-Total	(2,854)	(2,881)	(27)	
CYPT				
Director	0	0	0	
Area Integrated Working	(461)	(461)	0	
Learning, Schools & Skills	(25)	(25)	0	
Strategic Commissioning & Governance	(976)	(976)	0	VFM Savings have been achieved through the work of the VFM Project Group. However the ongoing high number of Looked After Children has led to continuing budget pressures.
Sub-Total	(1,462)	(1,462)	0	
Finance & Resources				
Finance & Procurement	(250)	(250)	0	
ICT	(500)	(500)	0	
Customer Services	(106)	(106)	0	
Property & Design	(190)	(190)	0	
Sub-Total	(1,046)	(1,046)	0	
Strategy & Governance				
Director	(3)	(3)	0	
Policy Unit	(13)	(13)	0	
Communications	(145)	(110)	35	TBM 6 Forecast £0.065 million pressure of which £0.035 million related to efficiency target re Marketing
Member Allowances	0	0	0	
Improvement & Organ Development	(3)	(3)	0	
Legal & Democratic Services	(16)	(16)	0	
Executive Office	(6)	(6)	0	

Item 49 Appendix 2

Human Resources	(143)	(10)	133	Forecast at TBM 6 to overspend by £0.133 million.
Sub-Total	(329)	(161)	168	
	Budget	Forecast	Variance	Explanation
	£'000	£'000	£'000	
Environment				
City Services	(430)	(430)	0	
Sports & Leisure	(20)	(20)	0	
Sustainable Transport	(80)	(80)	0	
Public Safety	(146)	(146)	0	
City Planning	(80)	(80)	0	
Sub-Total	(756)	(756)	0	
Culture & Enterprise				
Directors Office	(25)	(25)	0	
Libraries & Information services	0	0	0	
Royal Pavilion & Museums	(300)	(300)	0	
Tourism & Venues	(68)	(68)	0	
Culture & Economy	0	0	0	
Major Projects and Regeneration	0	0	0	
Sub-Total	(393)	(393)	0	
Section 75 : Learning Disabilities				
Council Lead Learning Disabilities	(1,178)	(738)	440	Refer to Appendix 1 for details.
Sub-Total	(1,178)	(738)	440	
Health Led Section 75 arrangements				
SPFT	(560)	(494)	66	Refer to Appendix 1 for details
SDHT	(300)	0	300	
Sub-Total	(860)	(494)	366	
Total	(8,878)	(7,931)	947	

	Budget	Forecast	Variance	Explanation
	£'000	£'000	£'000	
Housing Revenue Account				
Housing Management - laundry service contract	(25)	(25)	0	
Housing Management - reduction in provision for bad debt	(51)	(51)	0	
Housing Management - Transport and Supplies & Services	(108)	(108)	0	
Property & Investment - New partnership contract efficiencies	(66)	(66)	0	
Temporary Accommodation Management costs savings from leasing to LDV	(176)	(52)	124	
Energy procurement contract efficiencies - electricity	(100)	(100)	0	
Support Services	(48)	(48)		
Total	(574)	(450)	124	

CAPITAL OUTTURN POSITION

Directorate	2010-11 Budget £'000	2010-11 New Schemes £'000	2010-11 Variations £'000	2010-11 Slippage £'000	2010-11 Budget £'000	2010-11 Outturn £'000	2010-11 Overspends / (Underspends) £'000
Strategy & Governance	983				983	983	-
Housing, Culture & Enterprise	13,387		(2,700)		10,687	10,687	-
Housing Revenue Account (HRA)	25,841				25,841	25,759	(82)
Finance & Resources	4,313		(171)		4,142	4,142	-
Adult Social Care	834				834	834	-
Children & Young People's Trust	50,303	19			50,322	50,322	-
Environment	14,235	568	527		15,330	15,390	60
Total Council Budgets	109,896	587	(2,344)	0	108,139	108,117	(22)

Summary of new schemes

New Schemes Summary	2010/11 Budget £'000
Children & Young People's Trust	
New Schemes over £50,000 (detailed in Appendix 5)	-
Intensive Placement Team vehicle	19
Environment	
Detailed Reprofiles in Appendix 5 (over £50,000)	554
Coastal Protection Grant - Bridges & Seafront Structures	14
Total Changes to Budgets	587

Environment

Directorate: Environment

New Budget: £267,000

Project Title: Traffic Control Centre

The equipment and systems serving the City's Traffic Control Centre (TCC) have been added at different times over the years. A specialist survey has been carried out and some of the oldest components are the "Tele-8" telephone lines that link the TCC with traffic signals across the city. The Tele-8 components are at the end of their useable life and the supplier has recently announced that it will no longer be supporting Tele-8. The impact of a failure would be to make it impossible for us to control traffic signals across the city and this could lead to severe traffic disruptions.

On this basis, failure of the Tele-8 components is considered to be a critical business risk both in terms of probability and impact. To mitigate this risk these components need to be upgraded to a modern broadband solution at a cost of £0.267 million. A broadband solution presents an "invest to save" opportunity as the system will deliver significant ongoing annual savings over traditional telephone lines (estimated at £0.016 million per annum). In addition, savings on staff costs (£0.016 million per annum) will fund the upgrade. This will be funded from unsupported borrowing and repaid over a 7 year period.

Directorate: Environment
Project Title: Various S106 works

New Budget: £286,780

In total there is £0.287 million of Section 106 capital works planned for completion in 2010/11. The largest element of this is £0.101 million relating to improvements at Richmond Parade. This would include the removal of a traffic island and the realignment of the street to a scale more in keeping with a residential area. Associated works would include the relocation of and/or provision of new lighting and 'de-cluttering' (removal of redundant street furniture). There would also be provision for raised parking/ loading bays.

The remaining £0.186 million relates to a number of smaller schemes, none of which are over £0.032 million. These mainly relate to bus stop flags, solar bus stops and kerb improvements.

Summary of variations to budget

Schemes	2010/11 Budget £'000	2011/12 Budget £'000	Total Changes £'000
Finance & Resources			
Detailed Variations in Appendix 6 (over £50,000)	(171)	171	-
Environment			
Detailed Variations in Appendix 6 (over £50,000)	527	-	527
Housing, Culture & Enterprise			
Detailed Variations in Appendix 6 (over £50,000)	(2,700)	2,700	-
Total Changes to Budgets	(2,344)	2,871	527

Detailed explanations of the variations

Finance & Resources

Directorate: Finance & Resources	Approved Budget: £265,000
Project Title: ICT – Planning System & Information Security Upgrades	Revised Budget: £195,000
	Variation: £(70,000)

Planning System Upgrade (£0.050 million)

The original proposal to upgrade and/or replace the City Planning IT systems has been revised following detailed analysis of critical business processes. Alternative proposals have been submitted to Planning outlining an approach for development of a Web Enabled IT solution with greater use of Electronic Documents and Records Management. These revised proposals are currently being reviewed by the City Planning Improvements Project to ensure they are consistent with the plans for the Improving Customer Experience programme and Coalition Government's expectations around Transparency. This has introduced delays in starting the procurement process to commission the development of an improved IT system.

Information Security Upgrade (£0.020 million)

ICT is reviewing the emerging requirements for protecting personal and sensitive information. Requirements continue to emerge to share secure information with external partners and for making information available via our website (identified as a requirement under Improving Customer Experience (ICE) Web-Enabling Stage 2).

Examples of expected investment include the provision of Encrypted Data Sticks and provision of secure email to care homes; however effective solutions to these needs require proper evaluation and design before they can be implemented. Risk levels are being assessed and options will be presented to the Information Governance Steering Group to ensure we build safe practices within the Council.

2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
(70)	70	0	0

Directorate: Finance & Resources	Approved Budget: £184,000
Project Title: ICT – Telephony System Upgrade	Revised Budget: £83,000
	Variation: £(101,000)

The decision to carry out an in-house upgrade of our existing telephony system to support mobile and flexible working has been deferred pending the re-tender of the current Voice and Data contract in 2011. Discussions with existing partners and SE7 Chief Information Officers indicates that a more cost effective option for an organisation wide telephony solution supporting mobility will be possible by including the requirement as part of the tender process. Reprofiling existing funds provides ICT the ability to tailor a more cost effective voice solution that matches the emerging demands for flexible working expected in 2011.

2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
(101)	101		0

Environment

Directorate: Environment	Approved Budget: £70,970
Project Title: Playbuilder	Revised Budget: £597,540
	Variation: £526,570

In July 2010 the Playbuilder Project was put on hold by Central Government pending the budget review as reported to Cabinet in TBM4. On the 20th of October the council was informed that it would receive a revised grant settlement of £0.373 million. In July 2010 the Playbuilder Project was put on hold by Central Government as reported to Cabinet in TBM4. On the 20th of October the council was informed that it would receive a revised grant settlement of £0.373 million. It is intended to review accrued interest on negotiated Section 106 agreements for Open Space Schemes to identify

any appropriate funding that can be legitimately used to support the remainder of this project.

We are still waiting for the detailed terms and conditions associated with the grant, however the ring fencing has been removed. The design work and consultation on all the sites has nearly been completed. We are working on revising the project plan which will schedule the work to ensure that:

- It is completed as soon as practicable, with as many sites as possible opening in the spring
- The timing of landscaping and planting is optimum for new vegetation establishing
- Where possible the number of play areas closed at any one time for construction work is minimised.

2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
527	0	0	527

Housing, Culture & Enterprise

Directorate: Housing, Culture & Enterprise	Approved Budget: £9,305,000
Project Title: Private Sector Housing Grants (BEST)	Revised Budget: £6,605,000
	Variation: £(2,700,000)

BEST funds a major component of Private Sector Housing. As funding ends in March 2011 the service is proposing to carry forward £2.7 million into 2011/12 to ensure sufficient funding is available for ongoing commitments for major projects and to ensure performance targets are achieved around decent homes, empty properties, energy efficiency and disabled adaptations.

2010/11 £'000	2011/12 £'000	2012/13 £'000	Total £'000
(2,700)	2,700	0	0

EXTRACT FROM THE DRAFT MINUTES OF 11 NOVEMBER CABINET

Present: Councillors Mears (Chairman), Alford, Brown, Caulfield, Fallon-Khan, K Norman, Simson, Smith and Young

Also in attendance: Councillors Mitchell (Opposition Spokesperson) and Randall (Opposition Spokesperson)

Other Members present: Councillors Davey, Fryer, Hamilton and Hawkes

PART ONE

101 TARGETED BUDGET MANAGEMENT (TBM) 2010/11

- 101.1 The Cabinet considered a report of the Director of Finance concerning the council's revenue and capital forecast outturn position as at month 6.
- 101.2 Councillor Mitchell welcomed the funding from government to complete the Playbuilder scheme and requested further information on the timetable of works. She highlighted the deficit forecast on the Collection Fund and asked whether the council would achieve the remaining capital receipts for 2010/11 within the financial year.
- 101.3 Councillor Young stated that she was confident that the total estimated for capital receipts would be achieved.
- 101.4 The Chairman advised that officers were working on a timetable for completion of the Playbuilder scheme and that it would be circulated once finalised.
- 101.5 Councillor Randall also noted the problems associated with the Collection Fund and highlighted the importance of the Local Delivery Vehicle (LDV) for preventing the council from continuing to lose money as a result of its own empty properties. He advised that properties owned by the council, such as 50 Kensington Place, were sometimes left empty for too long.
- He requested more information in relation to the council's bursary programme for newly qualified social workers and whether the council was able to successfully retain social workers once the scheme concluded. Councillor Brown offered to respond in writing.
- 101.6 Councillor Caulfield advised that the council was working hard to bring empty properties back into use and that the success of the LDV would be key to this. She added that she would be happy to meet with Councillor Randall to discuss any other ideas that he had.
- 101.7 **RESOLVED** - That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:

- (1) That the provisional outturn position for the General Fund be noted.
- (2) That the provisional outturn for the Section 75 Partnerships and Housing Revenue Account (HRA) for 2010/11 be noted.
- (3) That progress against achievement of the 2010/11 efficiency savings, as set out in Appendix 2, be noted.
- (4) That the changes to the capital programme, as set out in appendices 3, 4 and 5, be approved.

OVERVIEW AND SCRUTINY COMMISSION

Agenda Item 50

Brighton & Hove City Council

Subject:	Budget Update & Budget Strategies 2011/12		
Date of Meeting:	Cabinet 9 December 2010 Overview and Scrutiny Commission 14 December 2010		
Report of:	Director of Finance		
Contact Officer:	Name:	Mark Ireland	Tel: 29-1240
		James Hengeveld	29-1242
	E-mail:	mark.ireland@brighton-hove.gov.uk james.hengeveld@brighton-hove.gov.uk	
Key Decision:	Yes	Forward Plan No: CAB17749	
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT AND RECOMMENDATIONS FOR 14 DECEMBER OVERVIEW AND SCRUTINY COMMISSION

1. a This report allows for Scrutiny of the Budget Strategies for 2011-2012.

1. b In line with the process for scrutinising the 2010-2011 budget proposals, each of the overview and scrutiny committees will have the opportunity to comment on the elements of the budget strategy within its remit. Scrutiny committee recommendations and comments will be combined and forwarded to the 1 February meeting of this Commission before Cabinet considers the overall budget package on 17 February.

1. c The timetable for Overview and Scrutiny meetings is included in this report at Appendix 3.

1. d OSC is recommended to comment on the budget strategies; in particular those related to central services, equalities and sustainability elements.

1.e OSC is recommended on 1 February 2011 to received comments from the O&S Committees to be incorporated into a single scrutiny response to the budget proposals.

SUMMARY AND POLICY CONTEXT FOR 9 DECEMBER CABINET

1.1 This report has been prepared at a time of significant uncertainty about the Council's funding position for 2011/12. While the Comprehensive Spending Review (CSR) gave indications about the national position for local government, it will not be until the Local Government Finance Settlement is announced that the Council will be able to move past speculation and onto more robust financial planning. If the Settlement is received before the 9th December then an addendum report will be issued to update Cabinet on the position as far as possible. The major changes expected to specific grants, of which the Council is

currently in receipt of circa £85m, may mean that it is several weeks before the detailed position is clearly understood.

- 1.2 This report updates Cabinet on the progress made in planning for 2011/12 based on the assumptions set out in the July 2010 Cabinet report, which projected that savings of £10.4m would be needed in the mainstream budget and £10.8m in budgets funded by specific grants. Good progress has been made and if those assumptions had been broadly right then this report would have set out, in high level terms, the Cabinet's proposals to achieve a balanced General Fund Revenue Budget for 2011/12. The savings package set out in this report is £12.3m. This lower figure reflects detailed reviews of the service pressures bringing them down where possible, protection of the Supporting People budget and uncertainty about the future of various specific grants in particular grants for children's services. However, the scale of the reductions expected in Formula Grant, the front loading and the position in respect of specific grants is sufficiently different for a great deal more work to be required before a full set of proposals can be made by Cabinet. This report therefore represents work in progress and it is expected that revisions will be needed to these proposals as well as additional ones made. However it was felt important to publish this work to date in order to be open about the issues under consideration and to enable Scrutiny to consider them as far as possible.
- 1.3 The Council was always clear that a great deal of specific grant funding was due to come to an end this year and has been planning accordingly. In most circumstances that funding supported one off initiatives. In a small number of cases that funding has supported activities that are potentially core business and the Council therefore has choices to make about whether it will provide replacement funding from its revenue budgets. The scale of the changes to specific grants and the removal of most ringfence mean that the Council has more choice and discretion in this area, albeit in a context of a significant overall reduction in resources.

2. RECOMMENDATIONS:

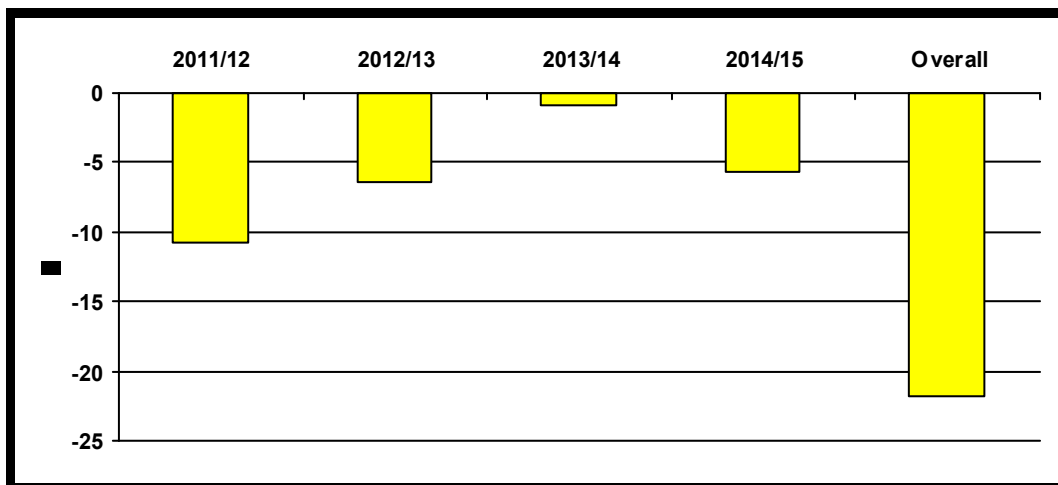
- 2.1 That Cabinet notes the high level assessment of the implications of the CSR on the national funding position for local government as set out in paras 3.1-3.6.
- 2.2 That Cabinet notes that an addendum to this report will be issued setting out the anticipated resources available to the Council if the Local Government Finance Settlement is issued prior to 9 December 2010.
- 2.3 That Cabinet considers and agrees the principles on which the General Fund Revenue Budget for 2011/12 is being prepared as set out in para 3.12.
- 2.4 That Cabinet considers and agrees the proposed approach for using reserves as part of a balanced financial strategy to deal with the Council's uniquely challenging financial position for 2011/12 as set out in para 3.17.
- 2.5 That Cabinet considers and notes the initial budget strategies for each service, developed on the basis of the original financial planning assumptions as set out in Appendix 2.

2.6 That Cabinet notes that those outline budget strategies will be subject to significant revision and update once the Council's resource position is more clearly understood.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS

Spending Review announced on 20 October 2010

3.1 The spending review set out the total amount of funding to be received by local authorities in England through the formula grant over the next 4 years. The chart below shows the planned reductions for each year in particular the unexpected front loading of reductions in 2011/12. The council is at the grant floor and will receive £109m in formula grant in 2010/11 and the equivalent of £130m after including the specific grants which will now be allocated as part of the formula grant as listed in appendix 1. The Local Government Finance Settlement will set out how much formula grant the council will receive in 2011/12 and future years.



3.2 The spending review had limited detail of the future of a wide range of specific grants although it did say that the ring-fence around nearly all grants would be removed giving each council greater flexibility in the way it can spend its funding to achieve the best outcomes for local people.

Schools Funding

3.3 The spending review contained a commitment that schools funding at a national level will increase over the next 4 years at 0.1% per annum in real terms i.e. above assumed levels of inflation. The funding settlement for schools is usually announced just before the Local Government Finance Settlement and will set out what the spending review means for each Local Education Authority (LEA) along with details of what happens to the specific grants previously allocated for schools. Cabinet will be informed of these implications in the addendum report

issued after the schools settlement is known. The government is also considering introducing a national funding formula so that funding allocations can be made directly to each school. This will have unknown distributional consequences for the total amount of schools funding for each LEA area.

New Homes Bonus

- 3.4 A recent consultation paper on the New Homes Bonus set out the way the government intends to pay this grant in 2011/12. Councils will receive amounts based on the increased number of homes between mid September 2009 and 2010 set out in a council tax base return made to the government. Brighton & Hove had an increase of 468 homes between these dates and therefore qualifies for just under £0.6m bonus out of the £196m set aside nationally. The bonus payment will be made for the next 6 years. The council may qualify for additional bonus payments in future years if the numbers of homes in the city continue to grow. The consultation paper states that £250m has been provided in the spending review nationally for bonus payments under the scheme for each year 2012/13 to 2014/15 with higher payments being top-sliced from the national formula grant.

Carbon Reduction Commitment (CRC)

- 3.5 The spending review also brought about major changes to the CRC scheme. The cost of purchasing allocations to cover the carbon output of the council will now have to be met in full. Previously the payments to the Treasury were going to be recycled as income depending on how successful each authority was in reducing its carbon footprint. There is some uncertainty in the guidance but initially the council will need to buy allowances to cover only the largest energy consuming sites. The cost of allowances is under discussion but the guideline of £12 per tonne in 2011/12 requires a budget of £0.1m for next year. In 2013/14 and beyond the council will need to buy allowances to cover most of its carbon footprint which could cost £0.4m per annum or more if the cost of allowances rises.

Council tax freeze grant

- 3.6 The budget report to Cabinet in July assumed that resources would be generated by a 2.5% increase in the Brighton & Hove City Council element of the council tax for 2011/12. The government has announced that councils who freeze their element of the council tax for next year will be entitled to receive a council tax freeze grant equivalent to the amount that would have been raised by a 2.5% increase. It is estimated that the grant for the City Council will be approximately £3m and will be received for each year of the spending review period.

Local Government Finance Settlement for 2011/12

- 3.7 The Local Government Finance Settlement is expected to be announced in early December and assuming this is before the Cabinet meeting an addendum report will be prepared for the meeting setting out the detailed implications for the

finances of the council. The Settlement will set out the amount of formula grant the council will receive in 2011/12 and details of most if not all the specific grants. The capital finance settlement is usually announced later and may not be available in time for the meeting.

Budget Principles

- 3.8 At the heart of the Council's approach to transforming the way it conducts its business are three key strands of work: the Value for Money Programme, the Improving the Customer Experience (ICE) programme and the move to a model of Intelligent Commissioning. These are all crucial to creating "The Council the City Deserves". Regular updates on all of this work have been brought to Cabinet throughout the year. The VFM programme has always been a key element of the Council's medium term financial planning. The programme remains on track and savings anticipated for 2011/12 are at least in line with expectations, if not better.
- 3.9 Reports to Cabinet have been clear that the new model of Intelligent Commissioning was not necessarily expected to deliver savings for 2011/12, primarily due to the lead in time for re-commissioning services. It does however put the Council in a strong position to make well informed decisions for service redesign and reprioritisation during the next financial year which will particularly inform the 2012/13 budget setting process.
- 3.10 Cabinet in July set out cash limits for each service area based on the existing Directorate structures as the council's top level reorganisation was still in its consultation phase. Those structures were well understood by both officers and members and therefore provided the clearest basis on which to conduct the budget planning for 2011/12. The outline budget strategies prepared to date are therefore set out in this way.
- 3.11 However, the implications of CSR are now so great that the Council will simply not be in a position to meet them if it continues its financial planning in the same way that it has done to date. It therefore needs to shift its thinking quickly into the new intelligent commissioning model which should provide more cross-cutting proposals for reshaping services and a renewed focus on prioritising resources to deliver outcomes in the most effective way. This does create a challenge to analyse and present financial information in the new model while the organisation is still in transition with structures that are not fully settled. However if the Council is unable to react quickly in this way it may miss significant opportunities that could help the 2011/12 budget position and mean that momentum is lost in this time of change. The format for the final budget proposals that will come to Cabinet on 17 February 2011 for recommending to Budget Council on 3 March 2011 is still being considered, however it will be possible, at a high level, to analyse the information against both the "old" and the "new" organisational structure.
- 3.12 In this context of change, a set of budget principles has been developed which have informed both the work done to date against the allocated cash limits and will continue to influence the next stage of the budget planning process. These are:

1. To deliver efficiency savings to help protect front line services by:
 - delivering the planned VFM programme and identifying where future year's VFM savings can be "fast tracked", for example, vacating office accommodation earlier than originally planned.
 - identifying other efficiency savings including those arising from the new groupings of services in delivery units
 - looking to generate savings on staff related expenditure through natural turnover, not filling existing vacancies, reducing management costs, minimising the use of consultants and making sure we only use agency staff and overtime where there is a sound business case to do so
 - identifying where closer working with other public agencies means we can share costs
 - reviewing contracts with service providers identifying scope for renegotiation and controlling costs
 - removing any local contingencies or risk provisions (these will all be covered corporately)
 - These efficiency savings will be tracked to ensure that they are rigorously and consistently implemented by rolling them into the VFM programme.

2. Where changes need to be made to front line services proposals will take into account:
 - how we can innovate our service design and delivery mechanisms to ensure the outcomes we deliver are maintained
 - how those changes might impact on costs and services provided by other public agencies in the city ("Total Place")
 - how we can protect as far as possible the contribution made by the community and voluntary sector

Latest Position 2010/11

- 3.13 The TBM Month 6 report received by Cabinet on the 11 November showed an overspend of £0.319m on council controlled budgets. Tight spending constraints are in place in order to reduce that overspend further and to deliver an underspend that will provide one off usable reserves to support the 2011/12 budget setting process.

Reserves position

- 3.14 The current estimate of the Council's Usable Reserves is set out in Table 1.

Table 1 – Usable Reserves	£m
Balance at 31/3/11 reported to Cabinet in July 2010	0.9
TBM overspend funding no longer required	1.0
Collection Fund Deficit	-0.4
Planned net contributions in 2011/12	0.4
Balance available to support the 2011/12 Budget	1.9

- 3.15 In previous years usable reserves have been used for new initiatives and investment. The financial context this year means that this is unlikely to be

appropriate. It is therefore planned at this stage to ringfence these usable reserves to be used as set out in para 3.17.

- 3.16 As a result of the front loading of the reductions in formula grant in 2011/12 the Council may need to consider as a one-off measure of last resort use of reserves which are currently earmarked as part of a well balanced financial strategy. It remains a legal requirement that the Council sets a balanced budget for 2011/12 and therefore it needs to consider carefully how it can make legitimate use of reserves in that context. It is also at the heart of the Council's ongoing commitment to sound financial planning and management that it does not take short term decisions that could create greater difficulties for the future.
- 3.17 Any use of reserves will be undertaken only for the following issues:
- implementation funding (the costs associated with changing how services are provided and organised such as redundancy costs)
 - transition funding (because we will be unable to implement all proposals from 1 April so resources will be needed for the lead in time)
 - resources to incur direct expenditure that frees up revenue budget costs (e.g. paying down debt)
- 3.18 The detailed proposals will form part of the final Budget reports.

Fees & Charges

- 3.19 Fees and charges are assumed to increase by the standard inflation assumption of 2% each year. Details of fees and charges for 2011/12 will be presented to the relevant Cabinet Member Meetings (CMM) and onto Council where appropriate prior to Budget Council. Timetabled fees and charges are as follows:

Royal Pavilion and Museums	21 September 2010
Adult Social Care	18 October 2010
Environmental Health & licensing	18 November 2010
Libraries and Venues	7 December 2010
Environment	23 December 2010
CYPT	17 January 2011

Expenditure Projections Update

Service Pressures

Pension fund triennial review

- 3.20 The East Sussex County Council Pension Fund announced the outcome of the triennial review on the 19 November 2010. The valuation as at 31/3/10 for the whole fund is 87.3% (compared to 88.9% at the last valuation in 2007). This is likely to place the fund within the top quartile of all LA funds. There has been a significant improvement within the last 12 months when the fund was a little over 70% funded. The performance of equities, the lower than expected pay increases and the change in uprating of pensions from RPI to CPI have been major factors in improving the outlook.

- 3.21 Brighton & Hove's share of the fund is 91% funded, which is the same as the valuation 3 years ago and an increase in the level above the average share of the fund. The factors helping this outcome are a continued scrutiny of early retirement decisions, negligible use of discretionary powers under the regulations, funding transfers at the point of any outsourcing decisions rather than waiting for the next valuation and aligning decision making and accountability.
- 3.22 The Council currently contributes 17% of payroll; the actuaries to the fund require an increase of 1% over the next 3 years as follows:
- | | |
|---------|-------|
| 2011/12 | 17.3% |
| 2012/13 | 17.7% |
| 2013/14 | 18.0% |
- 3.23 The Medium Term Financial Strategy assumed an increase of 0.5% in 2011/12 equivalent to £0.65m to the General Fund; the reduced contribution rate will save approximately £0.21m.
- 3.24 The latest valuation does not take into account the recommendation of the interim Hutton Report to increase the employee pension contributions.

Concessionary Bus Fares

- 3.25 The government has consulted on changes to the way bus operators are compensated for loss of income and additional costs arising from the operation of the free concessionary fares scheme in England. The consultation finished on the 11 November and it is expected that changes will be introduced from 1 April 2011. The council is currently collecting relevant data to enable an estimate of the revised reimbursement payments to be made in time for the budget papers in February when the government should have confirmed the methodology that will need to be used by all English councils.

Main Service Pressures

- 3.26 The budget strategies included in appendix 2 incorporate service pressures and certain specific grant reductions of £9.76m above inflation that are being managed within the cash limits. The most significant pressures are included in the following table:

Table 2 – Main Service Pressures	£'m
Demographic growth in Adult Social Care clients (Physical disabilities, vulnerable older people, mental health and learning disabilities).	2.1
Increased Independent Foster Agency placements	1.6
Loss of LPSA reward grant funding core business (Env & S&G)	1.2
Reductions in Parking Penalty Charge Notices (PCN's)	0.7
Children's Residential Agency placements	0.5
Children's Area social work teams	0.5
Children's social services Legal costs	0.3

Savings

- 3.27 The proposals to date are based on the cash limits set by Cabinet in July 2010 and these are set out in the budget strategies.
- 3.28 A total savings package of £12.3m has been identified within the Budget Strategies, £4.9m through the VFM programme, £5.8m through efficiencies and other income and £1.6m through commissioning changes. Details of the savings proposals are shown in appendix 2. CYPT have over achieved their savings target by £1.26m in preparation for managing potential reductions in specific grants. There are over and under achievements of savings across the remaining service areas that virtually balance to the cash limits overall.
- 3.29 All service areas have been asked to show how further reductions in their net budget could be achieved, consistent with the principles set out in para 3.12. This will provide members with further options to meet the revised funding gap after the Local Government Financial Settlement.

Staffing Implications

- 3.30 This paper provides the broad financial information required for the budget strategy and does not, at this time, attempt to set out the detailed staffing implications. It is planned to continue to discuss the strategy with colleagues across the organisation and their trades unions in order to fully develop our understanding of the likely impact for employees. This will then allow us to enter into meaningful formal consultation with the trades unions and staff.
- 3.31 In the meantime, we have taken the following action into to minimise the impact on continuing employment and avoid redundancies. That action includes:
- Controlling recruitment and only making permanent appointments in exceptional circumstances and when all other alternatives have been exhausted
 - Holding any vacancies available internally to increase the opportunities for re-deployment
 - Avoiding the use of interim or consultant appointments
 - Limiting the use of temporary or agency resources
- 3.32 These measures will continue as we work with trades unions and colleagues on the detailed staffing implications.

Capital Programme

- 3.33 The 2010/11 capital programme is approximately 60% funded by resources from the government with the remainder largely coming from council borrowing, capital receipts and revenue contributions. The Spending Review has set out reductions in government funding for all government capital investment programmes of about 45% over the next 4 years.
- 3.34 It is not known at this stage how these reductions will impact on the level of government resources available for the city council. The capital finance settlement is usually announced after the Local Government Finance Settlement

shortly before Christmas. It is therefore unlikely to be available in time for this Cabinet meeting so details will be circulated separately as soon as the figures have been analysed. Reductions in funding had been anticipated so services have been planning future capital investment on the basis of significant reductions.

Housing Revenue Account

- 3.35 The latest HRA Budget projections as shown in appendix 2, take into account the financial position as at TBM month 6 and the required level of reserves. In setting this budget, officers have taken into account the required level of efficiency savings but also sought to maximise the level of resources available to invest in meeting the Decent Homes Standard.
- 3.36 The service has identified savings of £0.913 million, the equivalent of a 8.7% savings target which will be used to fund inflationary increases and service pressures. The HRA Budget projections assume a continuing increase in 'Negative Subsidy' resulting in the HRA paying an additional £0.170 million of resources to the government net of rental income increases and capital financing costs.

2011/12 Budget Timetable

- 3.37 The existing timetable means that scrutiny can review the proposals in this report plus any emerging themes at their December/January meetings. Proposals to meet the remaining budget gap will not be public until papers are despatched for 17 February Cabinet. Therefore an additional OSC meeting should be scheduled for around this time to review the proposals.
- 3.38 Timetable for the remaining budget papers.

Council Taxbase	Cabinet	20 Jan 2011
General Fund Revenue Budget and Council Tax	Cabinet	17 Feb 2011
Housing Revenue Account	HMCC	24 Jan 2011
	Cabinet	17 Feb 2011
Capital Resources and Capital Investment	Cabinet	17 Feb 2011
Budget Council		3 Mar 2011

4. CONSULTATION

- 4.1 The budget and council tax consultation process was agreed by the cross party Budget Review Group. For 2011/12 the consultation has involved a budget questionnaire to a random sample of residents across the city as well as a focus group with the Older Peoples Council. The results of this consultation are due in December 2010 and will be circulated to all Members. The council has a statutory duty to consult with business ratepayers and a meeting will be held in January/February.
- 4.2 The Budget Report to Council in March 2011 will represent a culmination of the budget process which will have included a number of consultative processes including members, trade unions and in some cases service users.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 These are contained in the main body of the report.

Finance Officer Consulted: Mark Ireland

Date: 25/11/10

Legal Implications:

- 5.2 Cabinet has the necessary authority to agree the recommendations set out in paragraph 2 of this report as part of their function of formulating budget proposals for subsequent consideration and adoption by Full Council.

Lawyer Consulted: Oliver Dixon

Date: 26/11/10

Equalities Implications:

- 5.3 High level screening of the equalities impact of all the budget proposals has been undertaken by each service to determine whether there are likely to be equalities implications and to show whether they are covered by existing Equalities Impact Assessments (EIAs) or whether further action including new EIAs is required.

Sustainability Implications:

- 5.4 Sustainability issues will be taken into account throughout the council's budget setting process.

Crime & Disorder Implications:

- 5.5 The budget projections identify resources to help replace the reduction in government grants funding of certain crime and disorder initiatives.

Risk & Opportunity Management Implications:

- 5.6 There is considerable uncertainty about the council's resource position for 2011/12 and this will be reviewed following the Local Government Finance Settlement. The Council's final Budget proposals are required to include an assessment on the robustness of estimates and the adequacy of reserves. Relevant risk provisions in the 2011/12 budget will be considered as part of that final budget package presented in February 2011.

Corporate / Citywide Implications:

- 5.7 The report is relevant to the whole of the city.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S)

- 6.1 The budget process allows all parties to put forward viable alternative budget and council tax proposals to Budget Council on 3 March. Budget Council has the

opportunity to debate both the proposals put forward by Cabinet at the same time as any viable alternative proposals.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The council is under a statutory duty to set its council tax and budget before 11 March each year. This report sets out the latest budget assumptions, process and timetable to meet its statutory duty.

SUPPORTING DOCUMENTATION

Appendices:

1. Specific grants transferring to formula grant
2. Budget strategies and overall summary.
3. Timetable of meetings

Documents in Members' Rooms

None

Background Documents

1. Files held within Strategic Finance and Financial Services sections.

Specific Grants transferring to Formula Grant in the 2011/12 Local Government Finance settlement.

Grant	2010/11
	£'000
ABG Grants	
Supporting People	11,249
Economic Assessment Duty	65
Carers Grant	1,240
Child & Adolescent Mental Health	466
LSC Staff Transfer	301
Services for Children in Care	213
Child Death Review	27
ASC Workforce	689
LINKS	147
Preserved rights	1,596
Mental Health	819
Learning Disability Development Fund	232
Mental Capacity Act	145
Other Grants	
Concessionary Bus Fares	1,804
Social Care Reform	1,167
National Stroke Strategy	93
Aids Support	455
Total	20,708

Summary of Cash Limited Budgets

	Housing £'000	Culture & Enterprise £'000	CYPT £'000	Environment £'000	Finance & Resources £'000	Strategy & Governance £'000	Adult Social Care, LD & S75 £'000	General Fund Total £'000
2010/11 adjusted base budget	4,547	11,214	47,482	37,029	18,777	11,869	71,631	202,549
Inflation	25	119	727	452	183	124	1,143	2,773
Service Pressures	337	376	3,466	1,762	920	630	2,265	9,756
VFM programme savings			-2,019	-225	-1,107		-1,551	-4,902
Commissioning changes savings			-1,631					-1,631
Efficiency savings and additional income	-365	-111	-486	-2,065	-775	-582	-1,402	-5,786
2011/12 Budget Strategy	4,544	11,598	47,539	36,953	17,998	12,041	72,086	202,759
2011/12 Cash Limit	4,544	11,333	48,798	36,980	18,531	11,751	72,086	204,023
Surplus/ (-Shortfall)	0	-265	1,259	27	533	-290	0	1,264

HOUSING STRATEGY 2011/12 BUDGET PROPOSALS

Strategic Context and Direction of Travel

The citywide Housing Strategy has three overall priorities that reflect the basic housing needs of the city: improving housing supply; improving housing quality and improving housing support.

Successful action in the city over the last few years to enable the development of new affordable housing, prevent homelessness, develop housing options, provide housing-related support and improve housing quality in the private sector have helped to secure Brighton & Hove City Council as a lead authority, widely respected in working to address the needs of local people and the sub-region.

Strategic response to this context

The cash limit increase for Housing Strategy in 2011/12 is -0.1%. Grant reductions of 0.3% at national level for Supporting People Welfare Grant equate to £337,000 for Brighton & Hove. The Supporting People Programme has been successful in providing preventative support services to help vulnerable people live as independently as possible and deliver positive outcomes. In June 2010, CLG announced the in-year grant reduction of the Supporting People Administration Grant (£164,000) that covers the cost of administering the programme, which includes staffing and associated overhead costs. This grant loss has been absorbed across the Housing Strategy Division and there is no anticipated reduction in any current funding levels for any of our existing Supporting People services.

A Cost Benefit Analysis (based on a national model) of the Supporting People Programme in Brighton and Hove indicated that for every £1.00 spend in the city on Supporting People services, an average saving of £3.24 is achieved across other services and budgets. City-wide, Supporting People services generates a £36,600,000 net saving for the city for a spend of £11,200,000. The methodology is based on projected costs of alternative, appropriate support (such as housing and homelessness costs, costs related to crime and anti-social behaviour and costs to other statutory social care provision) if Supporting People services were not available.

Financial and Service pressures

The main financial and service pressures are shown in the following tables.

Table 1 – unavoidable service pressures which are dealt with as part of the budget strategy	2011/12 £'000
None – all managed within base budget	0
TOTAL	0

Table 2 - Service Pressures as a result of expected grant funding ending or reductions (dealt with as part of the budget strategy)	2011/12 £'000
Assumed 3% reduction in Supporting People Grant	337
TOTAL	337

Proposals for 2011/12 Budget: Main Service Areas

The following proposals will enable us to continue to commission and provide homelessness and housing-related support services that meet our strategic priorities as part of our Housing Strategy:

To renegotiate unit costs of temporary accommodation with providers that will enable us to continue to drive down the costs of these services.

To work with providers to identify efficiency savings and economies of scale through competitive tendering exercise in order to deliver positive outcomes within a reduced budget.

To re-commission and jointly commission services to enhance outcomes and deliver improved Value For Money.

It is proposed to:

- Offer longer term contracts (up to 5 years) to enable providers to deliver ongoing efficiency savings and Value For Money for the duration of contracts
- Jointly commission services to achieved higher levels of efficiency savings across different budgets and achieve economies of scale
- Renegotiate unit costs with providers to achieve improved Value For Money through regional benchmarking
- Re-commission services by undertaking a competitive tendering exercise with the aim of reducing the current number of providers to reduce administration costs in reviewing and monitoring Supporting People contracts

Key Impact & Risks:

Government changes to Local Housing Allowances (LHAs) and other welfare benefits may have an impact on housing affordability for residents on low incomes and benefit dependent in private rented sector accommodation. The likelihood and scale of impact is difficult to predict as private sector rents may adjust to compensate for changes to LHAs. Government has also indicated that any impact may be mitigated by specific homelessness grant provision. The position will be kept under review and will be closely monitored with alternative strategies and in-year recovery measures developed if necessary.

Item 50 Appendix 2

	Adjusted Base Budget 2010/11	Inflation	Service Pressures & reinvestment	VFM Programme Savings	Savings from Commissioning Changes	Efficiency Savings and Income above Inflation	Net Change in Budget to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Main Service Area							
Housing Strategy	4,547	25	337	0	0	(365)	(3)
TOTAL	4,547	25	337	0	0	(365)	(3)

CULTURE & ENTERPRISE 2011/12 BUDGET PROPOSALS

Strategic Context and Direction of Travel

Brighton & Hove has a unique offer for residents, visitors and businesses. The combination of a great seafront, beautiful countryside, a diverse and beautiful built environment, a cultural offer amazing in its diversity and a population that loves and appreciates the City offers unparalleled opportunities. Capitalising on this, and at the same time ensuring that the City can be a safe and enjoyable place for all, is the focus of this strategy.

Strategic response to this context

The overall cash limit increase for these services in 2011/12 is £119,000 equivalent to the inflation assumption. Expected grant reductions are assessed at £376,000 on the assumptions within the budget strategy.

Services are funded by a combination of income generation, grants, external and partnership funding and core Council budgets. This funding mix means that all services will be:

- focussed on outcomes and what works for people, not a dogmatic approach that drives one particular way of delivering;
- as efficient as possible at all times and deliver clear value for money;
- willing to take calculated risks and change to drive out waste;
- open to partnership whenever that delivers better services for less money;

All services will drive basic “housekeeping” issues, with a renewed emphasis on eliminating unnecessary spend, such as agency costs, overtime and any unusually sickness levels.

Financial and Service pressures

Table 1 – unavoidable service pressures which are dealt with as part of the budget strategy	2011/12 £'000
None - Managed within base budget	0

Table 2 – Further Service Pressures as a result of expected grant funding ending or reductions	2011/12 £'000
Assumed 10% reduction in Renaissance Grant	111
Loss of DWP grant for Castleham Supported Employment service	265
TOTAL	376

Proposals for Main Service Areas

Tourism & Venues

The approach to the 2011/12 budget is to manage within budget through a combination of increasing income from the Brighton Centre and making savings through a staffing review and vacancy management.

- The merger of various teams will be explored
- There will be a further emphasis on securing the most appropriate business model for the future of the Brighton Centre

Royal Pavilion & Museums

The approach to the 2011/12 budget setting process is to minimise detrimental impact on the service's ability to deliver council priorities, plan for a reduction in the Renaissance programme and achieve income targets across the service.

Income has held up this year, partly as a result of increase in visitor admissions at the Royal Pavilion of 13% to date on last year's figures and also due to the reductions in targets as part of the budget setting strategy for 2010-11. A prudent approach to possible income will be taken until the visitor economy stabilises further.

Any reduction in the Renaissance grant will have an impact on the service's ability to provide additionality in its cultural offer, however this can be managed without impacting on the operation of the Royal Pavilion and Museums service.

Libraries & Information Services

The approach to the 2011/12 budget is to manage the service pressures within budget through increasing income. In response to the pressures, it is proposed to increase fees and charges in certain areas (subject to a Cabinet Member Meeting report in December) and to drive the retail offer in response to particular markets. A further analysis of retail success will be undertaken after the Christmas period to inform the strategy. The introduction of new downloading services will provide an opportunity to boost hire charge income.

Culture & Economy

The impact of external funding streams coming to an end and the decrease in availability of external funding and sponsorship will have a significant impact in these service areas. Various options are being explored to manage the funding gap associated with the Castleham Supported Employment Services. The functions and purpose of the European team is being reviewed to ensure that the council is in a strong position to draw down available funding where it meets key priorities and where there can be a carefully managed exit strategy. LABGI funding provided one-off resources to a range of business related activities and no replacement funding for this has yet been identified.

Key Risks

The services have the potential to deliver a vibrant, forward thinking set of opportunities to ensure the on-going success of the City. The variables that affect such services and initiatives for example visitor numbers and external sources of funding all pose challenges that will need careful monitoring and management.

2011/12 Budget proposals summary:

	Adjusted Base Budget 2010/11	Inflation	Service Pressures & reinvestment	VFM Programme Savings	Savings from Commis- sioning Changes	Efficiency Savings and Income above Inflation	Net Change in Budget to 2011/12
Main Service Area	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Tourism & Venues	1,598	7	0	0	0	0	7
Royal Pavilion & Museums	2,422	10	111	0	0	(111)	10
Libraries & Information Services	4,153	56	0	0	0	0	56
Culture & Economy	2,667	42	265	0	0	0	307
Major Projects & Regeneration	374	4	0		0	0	4
TOTAL	11,214	119	376	0	0	(111)	384

CYPT DIRECTORATE 2011/12 BUDGET PROPOSALS

Strategic Context and Direction of Travel

Significant progress has been made in terms of reducing the overspend in Children's Services in 2010/11 including successfully meeting VFM savings targets. We have continually made savings in Dedicated Schools Grant (DSG) enabling us to invest in new service areas and fund new pressures. We have had particular success with reducing our SEN out of city placements achieving significant savings. There does, however, continue to be substantial pressures across Children's Social Care:

- Independent Foster Agency (IFAs)
- Legal Fees
- Agency Placements
- Area Social Work Services

The VFM programme has already produced substantial savings in the area of children's social care. The pressures shown above reflect the national experience of a sustained increase in social care activity and especially child protection. We are now preparing to implement changes that will come from new government education legislation and guidance, the Health White Paper, the Munro Review of social care and implementation of the Social Work Reform Board Changes, as well as the expected impact of the Comprehensive Spending review especially reduction in grant funding. In addition the Southwark Judgement is a High Court judgement which places a new duty on local authorities to accommodate under Section 20, young people who are homeless and vulnerable, which may impact on financial modelling.

From a total gross budget of £242.2m, the CYPT is reliant on grants from central government of around £46.22m (excluding DSG).

Strategic Response to this Context is:

The overall cash limit increase for the directorate in 2011/12 is £1,316,000, £589,000 above the inflation allowance. Service pressures have been identified of £3,466,000 excluding grant reductions. Savings of £4,136,000 have been identified. The main elements to the budget strategy include:

- Continuing to secure efficiency savings across all services
- Achieving our VFM targets including new rigorous scrutiny of approval of social care placements.
- Recommissioning services to deliver our statutory responsibilities whilst making necessary savings.
- Rigorous scrutiny and approach to recruitment and use of agency staff.
- Reviewing use of accommodation to achieve significant savings through lease and sale of property.
- In general ceasing activity funded by grants no longer provided unless it is a statutory service.

Financial and Service Pressures

The main financial pressures on the Directorate's services are shown in table 1 below:

Table 1 – unavoidable service pressures which are dealt with as part of this budget strategy	2011/12 £'000
Corporate Critical	
Disability Agency Placements	414
Independent Foster Agency (IFA) placements	1,631
Residential Agency Placements	493
Corporate Critical Total	2,538
Departmental Critical	
Area Social Work Teams	474
Legal Costs	340
Departmental Critical Total	814
Other Budgets	
Independent Reviewing Officers	114
Other Budgets Total	114
BHCC CYPT Sub Total	3,466
Community Health Budgets	0
Brighton & Hove Teaching PCT	0
CYPT Total Budget Pressures	3,466

The scale of specific grant funding for CYPT and the uncertainty about how it will operate in future mean that calculating anticipated reductions is highly speculative. A great deal of specific grant funding was always due to end at the end of 2010/11 and this has been planned for with careful exit strategies. Some grant funding will transfer to the new DSG and it will be up to schools to prioritise how it is spent. This means that the Council may need to make considerable changes to the central services offered to schools and there will need to be some detailed negotiation about the nature of services that schools are prepared to buy back from the Council. A review of where specific grants are funding core or statutory services is being undertaken to ensure that alternative appropriate replacements for these are made if reduced.

Proposals for Main Service Areas

Area Integrated Working

Education Welfare Service – it is proposed to reduce the service by 50% (£170,000) of the present budget. The service will be realigned to focus more on prevention and early intervention with families having difficulty around attendance

and school issues. It will also be more aligned with the social work service and, bring synergies to interventions by doing this.

Educational Psychology (EP) –it is proposed to reduce the service by 20% (£200,000) in the area EP budget (£989,000) – this will be achieved by restructuring of the service and the reduction of EP posts to bring it more in line with the national benchmarking of the number of EPs within BHCC.

Fostering and Adoption Service –Brighton & Hove’s spend on this service is both higher than the national benchmark and significantly higher than that of our statistical neighbours. It is proposed, to redesign this service with a view to reducing its costs by £362,000 of the total resource presently committed to it. It is a substantial budget area and these savings are a result of more effective and efficient use of present resources. Further, we will be looking to improve further the understanding of thresholds across the City so that fewer referrals come through that require a formal assessment

The abolishment of the Youth Justice Board (YJB) and other national changes and revised accountabilities in this area mean that we can reduce expenditure on Youth Offending Services by £91,000. We will look to securing better joint working across the council as part of the move to intelligent commissioning and also improve links with external bodies promoting employment for young people.

Youth Service – Youth provision across the City is extensive with a significant element of community provision. We are undertaking a youth service review to ensure there is coverage across the City both geographically but also across the age range. At present, the budget for the elements of the youth service provided through the CYPT consists of significant amounts of grant funding, and roughly equal amounts of core funding (£956,000) from the Council. We would propose that through service redesign and intelligent commissioning we can reduce the core commitment to this area by £130,000 whilst developing community provision. This would be achieved through reducing the number of Council run centres and having a strong focus on securing effective neighbourhood provision through a range of high quality providers.

Nursery Provision – a review of subsidies to nursery provision across the City is expected to save £87,000.

Learning, Schools and Skills

Schools Forum and DSG

We anticipate Brighton and Hove schools will receive additional funding from the pupil premium. Once we are clear what functions are affected by these transfers, we will look to agree targets for winning back money through the services we offer to schools.

Home to School Transport

A 7% saving on the home to school transport budget is being proposed which is equivalent to £200,000 on a net budget of £3,055,000. The service has worked hard to achieve substantial (10%) savings in 2010/11. The additional 7% saving will be achieved by continuing to strictly apply criteria for allocation of school

transport for children and young people with SEN as well as ensuring children in special school where possible attend their most local special school. We will continue to develop approaches to independent travel with young people and schools. Work will continue to review contract terms on retendering home to school transport contracts and looking at appropriate use of in house vehicles and cost effective routes.

Learning Development Centre

The LDC has an excellent reputation and is a high quality training venue available to the City which we would like to sustain and continue to promote. Over the last two years work has been taking place to make the venue even more efficient and reduce any additional costs or subsidy required. We propose that in 2011/12 we will remove the remaining budget contribution of £64,000. This will mean that the LDC has to generate 100% of its income as a venue to provide training for the City and by accommodating council staff on site. The expectation will be that the council use this venue as one of its preferred providers and we move more council staff into the building increasing the amount of office space used, over time driving down the costs to other services of renting this space.

Music Service

The service is funded from central government grants, fees and charges from parents and a council contribution of £271,000. We are unusual in that the Council subsidises what is already a significant level of grant from central government. We are proposing that we reduce the council subsidy to this service by 30% which amounts to £82,000. We have an outstanding music service in the City which we would like to continue to provide for all our children and young people. This will require the service to review the way in which it provides its services, work more efficiently, and increase its income generation through a review of its fees and charges. We can be clearer about the precise nature of our proposals when the revised grant regime is announced. Cost reductions have been discussed with the head of service and are achievable.

Disability Service

The integrated disability service is currently going through a process of re commissioning. It is proposed that this exercise will look to achieve a 9% saving over 2 years. This equates to £126,000 in 2011/12. This will involve reviewing management and back office arrangements, reviewing contracts and looking differently at the way in which services are delivered in order to ensure we meet our statutory requirements and continue to deliver quality services to our disabled children.

School Improvement Services

The service has been successful in driving forward education standards across the City with a strong partnership between the LA team and the schools. To build on this success we are in the process of reviewing the way the LA delivers, provides and commissions school improvement services. Part of this process involves identifying our current needs across the city and working with schools to agree priorities and targets for improvement. We are also awaiting government guidance regarding the LAs future role and the priorities regarding this important

area of work. We are, however, expecting to need to make a 25% (£70,000) saving in the staffing budget (£270,000) of this service. This is in addition to the ABG savings already made which will achieve a saving of £374,000 in 2011/12. In order to achieve this we are working closely with our schools to look at effective ways of schools supporting schools and increasing their role in delivery of school improvement, with the LA providing support and challenge and leading the commissioning of services as required. This work will also require looking at services we deliver to schools and reviewing charges where appropriate. It would be our intention to work with headteachers and governors to further redesign this service so that it is fit for the future grant regime.

Ethnic Minority Achievement Service (EMAS)

This is a service that provides additional support for children who have English as an additional language (EAL) to help them access the curriculum and raise achievement. The service is funded via a grant (Ethnic Minority Achievement Grant - EMAG) which goes directly to schools from central government. In Brighton and Hove this funding is returned to the LA to fund EMAS as part of an SLA. In addition to the grant the council has historically provided an additional budget of £165,000 to this service. We are proposing that in 2011/12 we will reduce the additional funding provided in its entirety. This will be achieved by completing a review of the service. This review will look at new models of service delivery and involving schools in agreeing a more effective way of them owning, managing and delivering this service without such extensive input and management by the LA, whilst ensuring we continue to meet the needs of our children who have EAL across the City. The review will be underpinned by best practice from other authorities, any new government guidance that is provided and a local needs analysis regarding children with EAL in Brighton and Hove.

City wide attendance strategy support

As part of the review taking place in the Education Welfare Service located in the Integrated Area Working branch, 25% (£25,000) of a net budget of £100,000 will also be saved from the service that provides city wide strategy, commissioning and quality assurance regarding school attendance. This will require a review of both areas of service in the two branches and include a service redesign that ensures we continue to meet our statutory duties in this area but deliver a more efficient and effective service based on current need. This will involve consultation with schools to look at their role in delivering on school attendance and will take account of any new information or guidance we receive from the government.

School Workforce Development and Governor Support

We propose to make an overall saving of £44,000 across these areas of service delivery. This will require reorganisation of the schools training and development and governor support service. It will also require looking at funding some of these current areas of school support by using the Dedicated Schools Grant. In addition we are proposing charging Headteachers for their conference costs.

Special Educational Needs (SEN)

There are proposals around reducing staffing costs in the SEN statutory assessment service by £46,000. This will be achieved through vacancy control and looking to use SEN DSG funding to fund functions/roles that meet this criteria.

Other Savings

Responsibility for support for students is transferring to the student loans company on 1st April 2011 resulting in savings of £42,000.

An efficiency saving of £105,000 is proposed staffing, legal and consultancy costs. Some staff will be relocated from their current accommodation on Preston Road to the LDC. The proposed sale of the vacated property will result in a capital receipt-the saving resulting from this is not included in this strategy.

Strategic Commissioning and Governance

The Council and the PCT are negotiating the process for further transformational programmes, including the review of specific commissioned services, through the 2011/12 NHS Annual Operating Plan and the Section 75 Joint Commissioning Plan for children's services.

Value for Money Programme in CYPT

A Value for Money programme has been developed to secure a complex transformational approach to service improvement and efficiency across children's social care in the first instance. The programme is for 4 years from 2010-2014. The savings target for 2011/12 is £2,019,000 with a total savings target over the 4 years for £8,040,000. The focus is on prevention and strengthening processes to reduce the number of cases needing high cost or long-term social care interventions. There are 2 workstreams – Prevention and Process.

Prevention activities:

- The Common Assessment Framework (CAF) activities will be improved to reduce the referrals on the social care pathway. The CAF is a standardised approach to assessing children and young people's additional needs and deciding how these should be met.
- A consistent approach to identify children and young people's levels of need has been designed with our partners to reduce the number of inappropriate referrals into social work and child protection services.
- A new menu of service intervention options will be created so that all staff understand what services are available and their associated costs.

The savings target for 2011/12 associated with prevention activities is £991,000.

Strengthening processes:

- New processes to ensure the rigorous scrutiny of approval of social care placements are in place to identify the most appropriate care package for children and young people with complex needs.
- Early planning will be strengthened to improve the quality and timely completion of pre-birth assessments.

- A more flexible review process will be put in place to make sure that the care packages we provide are the most effective and the best value for money.

The savings target for 2011/12 associated with process activities is £1,028,000.

As part of both workstreams above, changes in commissioning arrangements/service redesign will be identified and implemented.

Key Risks:

Assumptions about the numbers of children and young people who will enter and leave the care system are critical to the overall budget for CYPT. Delivering VFM savings on the corporate critical budgets will require very close performance management, governance and cross agency working to ensure safeguarding responsibilities are fulfilled. Implementing recommendations from the Munro review may lead to significant changes that require a further review of resources.

A significant risk is that a number of our core services are funded by specific grants and if they cease this will create further budget pressures in addition to the proposed savings in core budgets.

Reductions in support for school improvement and other school support will lead to greater pressure on schools to deliver in areas that in the past the LA would deliver on.

The impact of the ceasing of grants, re-commissioning and VFM on the community and voluntary sector will need to be closely monitored.

Making significant savings across a number of areas of children, schools and family services will lead to some children and families receiving reduced support in more than one area.

2011/12 Budget proposals summary:

Main Service Area	Adjusted Base Budget 2010/11	Inflation	Service Pressures & reinvestment	VFM Programme Savings	Savings from Commissioning Changes	Efficiency Savings and Income above Inflation	Net Change in Budget to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Main Service Area							
Area Integrated Working	23,074	301	814	0	-1,140	0	-25
Learning, Schools and Skills	10,439	170	414	0	-491	-486	-393
Strategic Commissioning and Governance	13,969	256	2,238	-2,019	0	0	475
BHCC CYPT Total	47,482	727	3,466	-2,019	-1,631	-486	57

This represents an overachievement of savings of £1,259,000 that will be used to off set any reduction in specific grant funding.

ENVIRONMENT DIRECTORATE 2011/12 BUDGET PROPOSALS

Strategic Context and Direction of Travel

The Environment Directorate shapes the appearance of the city and leads the creation of a public realm which is safe and accessible for residents and visitors. To do this, there are a complex range of services and funding arrangements to deliver as much money as possible to actual service delivery on the ground. There is a mix of financial arrangements such as capital projects funded through the Local Transport Plan (LTP) and other external grants for the community safety work. There is also a mix of types of provision to best meet the city's needs such as use of external contractors for parking enforcement and the provision of waste and cleansing services.

Strategic Response to this Context is:

The adjusted base budget for 2010/11 was £37,029,000, to which corporate inflation of £452,000 would be added to give a revised budget for 2011/12 of £37,481,000. However, the overall cash limit adjustment for the directorate is a reduction of just over £500,000 leaving a new year budget of £36,980,000. The Directorate needs to address both the cash limit adjustment and other service pressures. Community Safety grants totalling £800,000 will stop altogether. In addition, there are unavoidable service pressures totalling £960,000, which means that savings of £2,260,000 are required to balance the budget.

The Environment savings and additional income (£1,600,000) identified last year as part of the budget setting process came largely from two major sources: further changes to the Cityclean waste collection rounds and increases in Parking charges. Further savings and income from these two sources not proposed in this budget strategy. In addition, we have some key service pressures including the loss of grant income for Community Safety and a reduction in income from parking tickets. The proposals set out here include: re-negotiating contracts (such as parking enforcement); reducing the use of consultants across the board; investing in under-used car parks to secure greater income and efficiencies in expenditure on staffing.

Financial and Service Pressures

The main financial pressures on the Directorate's services are shown in tables 1 and 2 below:

Table 1 – unavoidable service pressures which are dealt with as part of the budget strategy	2011-12 £'000
Reduction in the level of building control income/planning grants	219
Reduction in the level of PCN income	550
No inflationary increase for Penalty notices	111
TOTAL	880

Table 2 – Further Service pressures as a result of expected grant funding ending or reductions	2011-12 £'000
Loss of Area Based Grant Funding	282
Loss of LPSA funding	520
TOTAL	802

Approach to Savings in 2011/12:

Community Safety

The Community Safety Partnership as a whole is undergoing a complete review of its processes in order to identify the priorities for funding in the light of reduced resources. In the meantime, current evaluations have identified savings of £347,000 towards the shortfall in funding. These savings include efficiencies from the restructuring of community safety activities, merging some of the teams and reducing employee related expenditure. Some of the savings will be achieved through ensuring service delivery is carefully prioritised by the Partnership and changing how services are delivered.

City Services

City Clean has recently been through a substantial reorganisation of the refuse and recycling service resulting in £1,700,000 savings per annum and there are limited opportunities for savings within the current operational structures. However, small efficiency savings have been identified totalling £128,000. City Parks budgets have been reviewed to identify savings which the least impact on the image of the city and its parks, achieving savings of £25,000.

The release of the South Downs Joint Committee contribution of £90,000 following the establishment of the national park has been included but this has been offset by the investment of £80,000 needed for the Biosphere Reserve project officer, costs of converting tractors and mowers to higher duty diesel and other low level pressures within this service area.

Parking Services

Contract efficiencies, a reduction in staffing levels and improved enforcement will achieve savings of £90,000.

The increased patronage experienced during 2010-11 at the refurbished Lanes and London Road car parks is expected to continue into 2011-12, achieving additional income of £380,000. Further proposed capital investment in the ex leased car parks, (£3,500,000 will be required), particularly Regency Square and Trafalgar Street is expected to yield additional income of £57,000. Other options for savings in the car parks include maintaining the equipment in house, and allowing advertising in council car parks, achieving an additional £40,000.

It is not proposed to increase on street parking tariffs other than an overall inflationary increase.

Efficiencies in the cash collection contract will achieve savings of £15,000; while a further £50,000 can be saved by bring the machine data maintenance back in house.

A further £64,000 in savings can be realised by reviewing the use of permits, charging for Car Club bays and ensuring consistency of operation.

These savings will help to offset the £550,000 pressure on PCN income due to the reduction in the number of tickets being issued.

Other Sustainable Transport

Within other areas of Sustainable Transport, efficiencies have been identified by reducing staffing costs and consultants' fees. This follows the reduction in available budget for capital projects, and is net of any income targets.

Value for Money savings of £115,000 will be generated by reducing the number of posts in Environment Initiatives, Traffic & Transport, Road Safety and Transport Planning. There will be further Value for Money savings through a variation of certain bus routes, with no risks attached, of £50,000. Through more accurate charging of officer time to events in the city £25,000 in Value for Money savings will be achieved.

Efficiency savings of £123,000 will be generated by reducing the number of posts in Highways Engineering & Projects, Road Safety and Parking Strategy, due to the reduced level of work available for capital projects. The Highway Enforcement Team will achieve an additional £21,000 income by reviewing the fees and charges.

City Planning

A range of measures across City Planning are designed to help offset the pressures of £219,000 due to the loss of the Planning Delivery Grant during 2010/11 and the shortfall in building control income. These should achieve savings of £303,000. For 2011/12 the proposals are to reduce employee related expenditure including on consultants in Development Control, Planning Strategy, and Building Control saving £237,000. Fees will be charged for pre-application planning advice, achieving £20,000 in income. The proposed service changes include a significant reduction in the funding available to support Examinations in Public for plan preparation, achieving £46,000 in savings. The planning service still needs to allow for major development applications going to appeal and the various plans currently in preparation proceeding to examination. Uncertainty around the requirements of emerging legislation for evidence gathering, plan making and examination in the future, mean that it is difficult to accurately predict budgetary requirements.

Public Protection

A review of Public Protection will contribute a further £110,000 in savings including from reductions in staffing costs, more cost effective vehicles procurement, some additional income generation and othe minor efficiency savings.

Sport & Leisure

Savings have been identified within the Sport & Leisure budgets totalling £150,000. Efficiencies in expenditure budgets, including contract variations,

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private contractors and professional fees will deliver £120,000 of this. There will be further reviews of rents for individual seafront properties, ensuring that we retain fair and reasonable rents. This is expected to generate additional income of £30,000. The DC Leisure contract is currently being re-tendered, and this will be in operation for the next 10 years. It was originally feared that this would cause a pressure for this service area, due to increased utility costs and loss of income when Brighton and Hove Albion withdraw from Withdean Stadium. However, early indications are that this is unlikely to be the case, and that this new contract may deliver substantial savings which are not yet factored into this budget strategy.

Key Risks:

- Community Safety – the risks around re-prioritisation of work will be evaluated by the Partnership as a whole.
- Sustainable Transport – the measures proposed are of low risk to the council but some may impact events organisers.
- City Planning – Examinations in Public. The risk in reducing the funding available to support plan preparation can only be fully assessed once new legislation is published.

2011/12 Budget proposals summary:

Main Service Area	Adjusted Base Budget 2010/11	Inflation	Service Pressures & reinvestment	VFM Programme Savings	Savings from Commissioning Changes	Efficiency Savings and Income above Inflation	Net Change in Budget to 2011/12
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Director	230	2					2
Parking Services	(13,280)	(279)	661	(25)		(751)	(394)
Other Sustainable Transport	11,638	194		(190)		(171)	(167)
Development Planning	2,729	13	219			(303)	(71)
Other Planning/Public Protection	2,672	23				(110)	(87)
Community Safety	1,187	11	802			(347)	466
Sport & Leisure	1,936	17		(10)		(140)	(133)
City Services	29,917	471	80			(243)	308
TOTAL	37,029	452	1,762	(225)		(2,065)	(76)

FINANCE & RESOURCES DIRECTORATE 2011/12 BUDGET PROPOSALS

Strategic Context and Direction of Travel

Finance & Resources has a pivotal role in supporting the ongoing transformation of the council. It is essential that the directorate both delivers cost effective services, and retains the skills and capacity to help generate wider savings and service improvements across the council as we adjust to reduced levels of government funding. In an environment where the council will have to work with reduced resources, it is essential that we provide responsive, cost effective customer service to our citizens.

Delivery of the Value for Money programme and Improving the Customer Experience (ICE) is therefore at the heart of the proposals.

Strategic Response in this Context:-

Finance & Resources have exceeded the savings target required to meet their cash limit. While some of the savings are direct cost reductions for Finance & Resources, other action by the directorate will result in savings elsewhere in the organisation. Investment of one off resources in 2010/11 to support the delivery of these substantial recurrent savings has generated an excellent payback and this model is being continued in this year's proposals.

The savings include those identified in the Value for Money Programme High Level Business Case in respect of ICT, Workstyles and Procurement.

Greater collaborative working is critical to the strategy for Finance & Resources. This can be seen both in provision of Chief Finance Officer, Financial Services, Payroll and Internal Audit services to the South Downs National Park Authority and in the joint working on ICT across the south east region through the SE7 initiative.

A continued focus is being made on ensuring effective and fair debt collection. We have had great success in encouraging council taxpayers to pay by direct debit (now up to 70%) and this has reduced the numbers of summonses we issue by 35% and means that our collection rate can be increased when we set the Council Tax Base in January. While these savings fall to the Collection Fund, it has been a critical part of the strategy of the Revenues & Benefits service to ensure this can be delivered for the overall financial benefit it brings to the Council's budget.

Energy costs are a significant element of spend both within the Directorate and across the council. Action taken to ensure we get the best price on contracts through the "Laser" procurement approach agreed by Cabinet in September 2010 will deliver savings. In addition the introduction of Automatic Meter Readings (AMRs) will help us understand and manage our use of energy more effectively in order to reduce our carbon footprint as part of the 10:10 campaign and meet our

longer term Carbon Reduction Commitment obligations. This work is supplemented by the use of one of resources from the Council’s Carbon Management Fund to invest in actions to generate energy savings which are then recycled to create an ongoing programme of energy efficiency initiatives.

The Directorate has led ICE and supported it financially through the funding of two project managers, covering the overarching programme and the introduction of the new Customer Service Centre, which will open at Barts in Summer 2012. This will continue in 2011/12 through the use of one-off resources. Work on “systems thinking” continues to be crucial to improving the customer experience and helps join together the ICE and VFM initiatives, particularly in Revenues and Benefits.

Financial and Service Pressures

The main financial pressures on the Directorate’s services over the next year are shown in table 1 below:

Table 1 – unavoidable service pressures which are dealt with as part of the budget strategy	2011/12 £’000
Shortfall in commercial rental income due to increase in voids and rent/lease renewals failing to achieve inflationary increases	200
Increased NNDR charges following 2010 revaluation. No information as yet on likely uplift or level of transitional support if any.	100
Demographic pressures on the Coroner’s Service	100
TOTAL	400

Table 2 - Service Pressures as a result of grant funding coming to an end (dealt with as part of budget strategy)	2011/12 £’000
10% Reduction in Housing Benefits Administration Grant	300
TOTAL Service Pressures resulting from changes in grant	300

Approaches to savings 2011/12

Value for Money

The VFM programme’s high level business case identified savings from cross organisational ICT spend, procurement and workstyles and all the projects are on track to deliver the planned levels of savings. For ICT the savings are driven by tighter governance of spend and rationalisation of systems alongside joint working with procurement to deliver significant savings on contracts through our new model of procurement category management. The ICT savings are also being facilitated by collaborative work with other local authorities across the south

east through the “SE7” partnership. The key saving from the workstyles project for 2011/12 is the part year effect of the exit from the lease for Priory House in the final quarter of the year which Cabinet agreed in January 2010. The savings become more significant from 2012/13.

The procurement savings of £1,107,000 already achieved or anticipated include:

- ICT desktops and cabling contracts
- Fleet management
- Corporate stationery contract (lead for Sussex consortium)
- modern records contract
- advertising and sponsorship income contract
- advertising and marketing (lead for consortium with Sussex Police, ESCC and East Sussex Fire and Rescue Service)
- corporate building and boiler maintenance, legionella and window cleaning contracts
- leisure management
- home to school transport

Where appropriate these savings are shown in other directorate budget strategies. In addition even where contracts are not being retendered the council is trying to renegotiate inflationary increases or cost reductions across the board.

In addition other VFM activity has been progressed through the use of “systems thinking” in Housing Benefits and in Finance, with accompanying restructures and staff savings. Some savings from this were built into the 2010/11 budget but further savings can be delivered for 2011/12. The saving from Finance is £55,000, net of the additional costs required to implement the new International Financial Reporting Standards and to enhance the support to our e-procurement system. The saving from Housing Benefits is assumed to be £300,000 which should offset the grant reduction however if the grant loss is lower or higher this will have an impact on the Directorate’s net budget position. It has also been assumed that there will be no ongoing windfall income from the Housing Benefit Subsidy Overpayment regimes.

Other efficiency savings

There is an estimated reduction in external audit fees following the ending of the Comprehensive Area Assessment and Use of Resources judgements £75,000 although this is subject to confirmation and negotiation with the Audit Commission. It is proposed to end the 11x staff bus service which currently costs £96,000 because it is not considered a cost effective means of enabling staff to undertake any essential travel between key corporate buildings during working hours. £20,000 of the saving will be set aside to refund staff for travelling on the main bus network for work related activities and to ensure that special arrangements can be made for any staff with disabilities when needed. A reduction of £50,000 in the Life Events budget will be made through other efficiency savings.

We anticipate the continuation for one more year of the contracts to provide Chief Finance Officer and Financial Services support to the South Downs National Park Authority. This is in line with our approach to share services where possible to

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reduce costs. The estimated one off net additional income is £70,000. There is also one-off resources arising from the continuation of the use of the existing Microsoft Enterprise Agreement of £150,000. Together this funding will be reinvested to provide essential project management support and specialist procurement expertise for the delivery of the long term savings plans and Improving the Customer Experience (ICE) workstreams.

2011/12 Budget proposals summary:

	Adjusted Base Budget 2010/11	Inflation	Service Pressures & reinvestment	VFM Programme Savings	Savings from Commissioning Changes	Efficiency Savings and Income above Inflation	Net Change in Budget to 2011/12
Main Service Area	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Finance	5,829	63	80	(789)	0	(275)	(921)
Customers & Information	9,563	64	495	(218)	0	(500)	(159)
Property & Design	3,385	56	345	(100)	0	0	301
TOTAL	18,777	183	920	(1,107)	0	(775)	(779)

STRATEGY & GOVERNANCE DIRECTORATE 2011/12 BUDGET PROPOSALS

Strategic Context and Direction of Travel

Strategy & Governance delivers key business internal support such as HR, Communications, Legal & Democratic services, Policy and Analysis and has also been central in developing and enabling the move to strategic commissioning, developing the city wide partnership agenda and delivering the one and three year grants program with the Community and Voluntary Sector.

The main pressures across the directorate result from the loss of short term funding which was some funding core activities and a reduction in legal services income from property transactions. National policy changes such as the end of the Local Area Agreement and the Comprehensive Area Assessment and a number of other data and performance management requirements provide new opportunities. They mean that Strategy and Governance can achieve efficiency savings and re-focus performance management activity to support the Council's own vision and local priorities, which will be vital to the success of the move to intelligent commissioning.

Strategic Response in this Context:-

The key focus across the directorate is: -

- Ensuring the success of the Council a City Deserves transformation programme including in particular Intelligent Commissioning.
- Driving down costs in the back office functions by implementing new technology.
- Achieving the efficiencies and savings offered by changes in central government reporting requirements.
- Delivering value for money programs that transform our approaches to service delivery.
- Maximising opportunities to gain income from third party transactions.
- Actively seeking sponsorship or partnership funding for key activities and service delivery.
- Ensuring the successful impact of commissioning on service areas and delivery.

Financial and Service Pressures

The main financial pressures on the Directorate's services over the next year are shown in table 1 below:

Table 1 – unavoidable service pressures which are dealt with as part of the budget strategy	2011/12 £'000
None	0

Table 2 – Further Service pressures as a result of expected grant funding ending or reductions	2011/12 £'000
(Analysis & Performance) Loss short Term funding inc LPSA Reward Grant	180
(Communities & Equality) Loss grant funding inc LPSA ¹	450
TOTAL	630

Approaches to savings 2011/12

Human Resources

The implementation of the new HR and Payroll System is a key part of the budget plans for Strategy & Governance. It is a 'post' based, integrated suite of software which will deliver more efficient HR processes and procedures as well as improved financial controls and reporting capability. Savings will be found to fund the 2011/12 revenue costs associated with the new system of £176,000, including the prudential borrowing financing costs. This is in line with the original business case assumptions presented to Cabinet when the investment was approved. Ongoing support for the system as the project moves from design to implementation creates a further pressure of £118,000 which will be funded through further efficiency savings across the council generated by the use of new system. Delivery of those savings will depend on all services making full use of the system and consolidation of some tasks.

HR have undertaken a full review of its current budget in order to ensure that its services are properly prioritised to support the Council's requirements, particularly supporting the VFM Programme, the move to Intelligent Commissioning and further changes to how the council is organised and conducts its business.

Communications

Communications activity continues to be focussed on the eight outcomes set out in the Sustainable Communities Strategy. The Communications team has identified, through its VFM review £163,000 of savings in 2011/12 and will also increase external income by £50,000. Much of these savings relies on the consolidation of work currently undertaken across many different front-line services.

Legal & Democratic Services

Legal & Democratic Services budget pressures are mainly arising from supporting changes in other services (ie additional contract/procurement support and general legal advice), and increase workload in Adults and Children Services. These pressures are being met by reduction in part time vacancies,

¹ Not yet fully dealt with

increasing income from external clients and some restructure of service provision.

Webcasting Council Meetings are expected to cost £20,000 on an ongoing basis and options are being explored to reduce the costs. Webcasting was initially funded from one off resources as a pilot.

Policy

The introduction of Intelligent Commissioning and increase in partnership working is placing pressures and opportunities on both the Policy and Analysis & Performance Teams. Making the best use of all resources across the Council and partners will be necessary to ensure opportunities overcome the pressures.

The Policy Unit has been managing in year pressures in excess of £40,000 for a number of years to fund Brighton & Hove's contribution to support the Local Strategic Partnership. However, the temporary funding that used to fill this gap ends this financial year. It is intended to reorganise resources within the service and the wider Policy Team, including savings from changes in partnership performance management, to help plug this pressure. In addition work will be undertaken with the Public Service Board to ensure costs are evenly shared across partnership members.

Analysis & Performance

The Analysis & Performance Team are affected by the combination of facilitating the delivery of the intelligent commissioning model and the loss of short term government funding which supports a number of key intelligence activities. This is however being off set by the reduction in central Government performance reporting requirements. The corporate performance team has therefore reduced staffing in order to implement efficiencies and is re-structuring activities around the requirements of Intelligent Commissioning and the development of a local rather than national performance arrangement. This is an ongoing piece of work that will be undertaken with other council teams and the city's partners.

The impact of the loss of one off funding has created a specific £60,000 pressure for the Brighton & Hove Information Service (BHLIS). BHLIS provides the Council and the city's strategic partnerships with information about the needs of our residents and as such will form a fundamental part of the Intelligent Commissioning process. The end of the Local Area Agreement, the Comprehensive Area Assessment and a number of other data and performance management requirements will mean the BHLIS service can be resourced through the associated savings. In addition work will be undertaken with the Public Service Board to ensure costs are evenly shared across the partnership.

Phase three of 'A Council the City Deserves' transformation programme aims to ensure resources and activity (including intelligence related functions) are appropriately resourced and located in the different parts of the organisation and through this process stop duplication and improve efficiency. Upon completion of this work we anticipate being able to deliver further organisational efficiencies which will be essential if we are to adequately deliver the required needs analysis programme to support intelligent commissioning.

Communities & Equality

The Communities & Equality Team has relied on short term grant funding particularly from LPSA Reward grant to fund what in some cases is core council activities. It therefore needs to respond to the loss of this funding by delivering savings and reprioritising activity. However it is likely that this will be insufficient and therefore it is assumed that an additional £250,000 direct revenue funding will be invested in this service as part of the Council's overarching budget strategy.

Support for the community, faith and voluntary sectors remains a priority for the Council. To ensure the sector is able to respond positively to new opportunities and financial challenges, the Council, with partners, will continue to recognise the need for a "mixed economy" of funding mechanisms and ensure this mix reflects the need to deliver value for money. For example, small grants are essential for developing new and emerging local, community groups. For other programmes of work, a commissioning process that encourages innovation may be a better route.

Risks

- A number of the strategies, including Analysis & Performance and Communications rely on further centralisation of resources across the council
- The reduction in income to legal services, in particular to conveyancing & S106 as well as additional pressure arising from legislative changes will need to be closely monitored.
- The final stages of the implementation of the HR system will need to be tightly managed, particularly to ensure that the savings anticipated across the council are realised

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2011/12 Budget proposals summary:

	Adjusted Base Budget 2010/11	Inflation	Service Pressures & reinvestment	VFM Programme Savings	Savings from Commissioning Changes	Efficiency Savings and Income above Inflation	Net Change in Budget to 2011/12
Main Service Area	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Human Resources	4,078	32	0	0	0	(105)	(73)
Communications	488	1	0	0	0	(11)	(10)
Legal & Democratic Services	2,396	15	0	0	0	(23)	(8)
Policy Unit	757	7	0	0	0	(18)	(11)
Analysis & Performance	748	6	180	0	0	(193)	(7)
Equalities & Communities	2,318	41	450	0	0	(232)	259
Members Allowances	1,084	22	0	0	0	0	22
TOTAL	11,869	124	630	0	0	(582)	172

ADULT SOCIAL CARE & S75 PORTFOLIO 2011/12 BUDGET PROPOSALS

Strategic Context and Direction of Travel

Adult Social Care is a statutory service and directly provides or commissions advice and support services for vulnerable adults in the City including disabled people, older people, people with learning disabilities, people with mental health problems, including dementia, and those with sensory loss. The services provided include a universal offer of advice and signposting through to support for independent living, re-ablement, safeguarding, equipment and adaptations, day options and residential and nursing care.

The context of our service and financial planning includes demographic growth in Learning Disability, Physical Disability and Older People users along with increasing complexity of needs and housing issues.

There are nationally driven reforms to adult social care including self directed support, personalisation of service provision and budgets and their impact on the use of a Resource Allocation System (RAS).

There are changes to provision of health services which have consequences for social care provision in particular reconfiguration of Acute Mental Health services.

The White paper "Equity & Excellence – Liberating the NHS" (12th July 2010) sets out the Government's ambitions to reform the NHS and prepare it for the future. This paper provides for a strengthened role for Local Government in joining up services across the NHS, public health and social care. The financial impact, funding arrangements and wider of this draft policy are still emerging.

The recent Department of Health publication "A Vision for Adult Social Care; Capable Communities and Active Citizens" sets the context for the future development of social care services; putting people, personalised services and outcomes centre stage. Funding proposals are expected to feature in the White Paper.

There remains significant uncertainty at a national level over long term funding arrangements for adult social care. The spending review confirmed that certain social care grants have been rolled into the formula grant and there will be additional funding in respect of Personal Social Services, these elements are expected to be confirmed in December 2010.

Our strategic response to this context includes:

The proposals are a continuation of the previous initiatives, linked with the three year Personalisation agenda and Value for Money programme:

- Achievement of Value for Money savings through Personalisation including Self Directed Support, Reablement and improved commissioning
- Reviewing our approach to S75 partnership arrangements and ensuring clear responsibilities and accountabilities.
- Improving performance and efficiency through technology, and better business processes, including e-monitoring of home care.

- Developing appropriate accommodation and support and maximising housing options.
- Maintaining income levels where possible by maximising benefits.
- Improving value for money more widely through collaboration, health partnerships, strong commissioning and alternative models of service delivery and developing joint initiatives including “Shared Lives”.
- Focusing on the prevention and well-being agenda and working collaboratively to deliver this.
- Building on the social capital in the City to reduce demand on mainstream services.

Financial and Service Pressures

The main financial pressures on the Directorate’s services are shown in tables 1 and 2 below:

Table 1 - Unavoidable service pressures which are dealt with as part of the budget strategy	2011/12 £'000
Adult Social Care	
Demographic Growth- Physical Disabilities- equivalent to 20 additional homecare service users	162
Demographic Growth- Learning Disabilities- equivalent to 21 transitions and 16 additional service users	1,514
Increase in Ordinary Residence Claims	96
Emergency Duty Service reconfiguration	88
Sub –total Adult Social Care	1,860
S75 Health Led : Provided through Sussex Partnership Foundation Trust (SPFT) and Sussex Community Trust (SCT)	
Demographic Growth Adult Mental Health equivalent of 19 service users	237
Demographic Growth Older People Mental Health equivalent of 9 service users	168
Sub –total S75 Health	405
TOTAL PRESSURES	2,265

Table 2 – Service Pressures as a result of grant funding coming to an end (dealt with as part of budget strategy)	2011/12 £'000
Adult Social Care & S75 – managed within budget	0
TOTAL GRANT PRESSURES	0

Grants

An exit strategy had been developed for the Living with Dementia Grant which is expected to end in 2010/11 and as a result there are no future commitments against this grant. The Social Care Reform Grant and the Stroke Strategy Grant are to be rolled into the formula grant and assumptions on the likely reduction of other specific and Area Based Grants have been managed within budgets. There are therefore no pressures resulting from grants included in this budget strategy.

Other Pressures

Unexpected pressures are arising including increases in expected ordinary residence claims following the deregistration of independent sector homes and potential increases in supported accommodation in the city.

These pressures require the directorate to find savings of £2,953,000 for this portfolio (or 4.1% of its net budget) to meet the target cash increase over 2010/11. These savings have been identified within this budget strategy.

Proposals for main savings

These proposals are set within the context of the personalisation of social care services across all service groups.

Value for Money Programme-Personalisation

Year 2 of the programme is expected to generate further savings of £1,551,000 through the approaches described below.

The shift in focus is that everyone who meets the council's eligibility criteria (critical and substantial) will initially, if appropriate, go through a period of support and intervention to promote independence before being allocated a Personal Budget (PB). Through the application of a Resource Allocation System (RAS), service users work with the authority to agree their assessed and eligible needs; these needs are then allocated a resource amount which the person then chooses how to spend, thereby giving more choice and control.

All new clients will be allocated a personal budget. In addition, those service users who receive community care will also move to personal budgets during the year as their needs are reviewed.

As a result savings can be made by individuals making more cost effective decisions about services which are more tailored to their needs, maximising individual benefits and other sources of income.

- **Re-ablement and Promoting Independence**

The future savings proposals are based on wider roll out of re-ablement and promoting independence services over the next few years. The financial sustainability model demonstrates that savings can be realised by applying this model to all people we work with including those that have needs that could be better met by further utilisation of technology (Telecare), aids and adaptations and re-skilling.

- **Workforce**

Traditional workforce models are not appropriate for a transformed social care service. New services will be based on co- production, this will be supported by the development of User Led Organisations (ULO's) that will assist people on options for support e.g. Personal Assistants. The redesign of services will focus our experienced staff on three key areas of assessment, personalisation and safeguarding.

Financial modelling of this new service design shows that a 10% reduction in costs can be made across the adult social care workforce. In 2011/12 it is anticipated that £400,000 could be achieved (included in the overall £1,551,000 value for money savings)

Commissioning Arrangements

Major joint commissioning strategies in relation to Short Term Services and Mental Health are underway. These are currently going through due process and development, with the Short Term Services proposals expected by April 2011 for implementation in year. The redesign of Mental Health Services is being taken forward jointly with the Primary Care Trust and Sussex Partnership Foundation Trust with a project plan in place. In addition, work needs to continue both within Adult Social Care and at a corporate level to develop social capital, realigning some prevention and low level support.

The above strategies will result in a fundamental market shift that will need careful management.

Better commissioning of services from independent sector providers will drive out efficiencies of £1,016,000 by cash limiting contract values with a below inflation increase and reviewing contract specifications and activity levels. This will enable us to achieve reductions in unit costs and bring spend in line with comparator authorities.

Section 75 Arrangements

A draft budget strategy and 3 year financial recovery plan is being developed under the current Section 75 arrangements with the Sussex Partnership NHS Trust (SPFT). This is work in progress and dialogue continues to ensure that any pressures and savings identified are agreed between BHCC and SPFT and embedded within a revised S75 agreement.

The draft budget strategy under the Section 75 arrangements with the Sussex Community Trust (SCT) is under discussion with commissioners

Learning Disabilities

Learning Disabilities services will contribute to the overall Value for Money and efficiency and other savings through the personalisation and Value for Money strategies.

Other savings

Better use of technology will deliver savings within homecare both for the in-house service through more effective rostering and e-monitoring for external providers.

Austerity measures will be put in place to reduce spend including minimising conference attendance and reviewing frequency of mandatory training.

It is anticipated these measures will generate combined savings of £386,000.

Key Risks:

Delivery of savings will be dependent on successful consultation with health partners, client representatives and staff groups. The scale of the savings and the changes to the model and funding of care are very significant. The change programme is planned to be well resourced and tightly monitored to ensure delivery.

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Another key risk is maintaining the market stability whilst developing the market and the new service model. We need to ensure contracted services remain of good quality and are safe.

There are a range of complex assumptions that underpin the budget including demand for services and the impact of remodelling on costs.

Government policies on future charging and the vision for adult social care are still emerging.

2011/12 Budget proposals summary:

	Adjusted Base Budget 2010/11	Inflation	Service Pressures & reinvestment	VFM Programme Savings	Savings from Commissioning Changes	Efficiency Savings and Income above Inflation	Net Change in Budget to 2011/12
Main Service Area	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	36,170	568	162	(950)	0	(754)	(974)
Learning Disabilities	23,202	371	1,610	(601)	0	(359)	1,021
Section 75 (SPFT)	10,443	185	493	0	0	(251)	427
Section 75 (SCT)	1,816	19	0	0	0	(38)	(19)
TOTAL	71,631	1,143	2,265	(1,551)	0	(1,402)	455

HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS 2011/12

Strategic Context and Direction of Travel

The HRA budget will be set within the context of the City's Housing Strategy and the overall aim of 'achieving excellence in housing management', by focusing on five core strategic priorities as detailed in the Housing Management Service Improvement Plan 2009 - 2012. These are:

1. Improve services to an excellent standard, with residents at the heart of everything we do
2. Improve the quality and sustainability of our homes and neighbourhoods
3. Deliver value for money services and maintain a sustainable 30 year HRA business plan
4. Make best use of our housing stock to address housing need
5. Ensure that social housing provides a platform for reducing inequality and creating opportunity

The budget strategy also reflects the priorities of tenants and leaseholders as a result of their close involvement in deciding how housing services are planned and delivered (as detailed in the Housing Management Annual Report 2010).

The HRA Budget will be developed to provide a balanced budget taking into account the HRA subsidy determination and other income and expenditure assumptions. The council's Medium Term Financial Strategy outlines an efficiency savings target for all services across the city of 4%. In setting this budget, officers have taken into account the required level of efficiency savings but also sought to maximise the level of resources available to invest in meeting the Decent Homes Standard.

Strategic Response in this Context:-

- Aligning our resources with the Housing Improvement Plan priorities through:
 - Reducing our management costs through phase 2 of the Customer Access of Review in recognition of the need to achieve greater value for money and to have a sustainable future
 - Continued investment in the Turning the Tide strategy to tackle antisocial behaviour and reduce social exclusion
 - Measures to tackle overcrowding through an enhanced housing options approach
 - Engaging with residents on developing a local priorities framework
- An annual Housing Subsidy settlement which will result in a net transfer of resources to the government from the council. The Government has now announced its intention to use the Devolution and Localism Bill to abolish the current housing subsidy system, subject to Parliamentary approval. A new system of self financing is intended to come into effect from 1 April 2012. Under this system the council will no longer be required to transfer its resources to central government but in return will be required to take on additional housing debt at a level which is sustainable in the long term. This system will enable the council to plan for the longer term and to use some of

the extra resources to maintain homes and possibly to build new ones.

- Lease properties to Brighton & Hove Seaside Community Homes, the housing company set up by the council to raise investment for improvements to council tenants' homes.
- Work with residents to ensure that the Council is able to respond to opportunities to generate renewable energy and maximise the level of revenue resources available to support the Decent Homes Programme.
- Continue the development of a comprehensive estates masterplan in partnership with tenant representatives to inform best use of our assets and identify opportunities to build new Council homes. The initial findings have identified development sites where there is the potential to build over 800 new homes over the next few years.

Financial and Service Pressures

Table 1 – unavoidable service pressures which are dealt with as part of the budget strategy	2011-12 £'000
Increase in Subsidy Payment to Government net of rent increase and capital financing	170
Leaseholder service charges income budget has been set at a greater level than the actual charges.	100
TOTAL	270

The service pressures for 2011/12 are £270,000, pay and inflationary increases are £610,000 which together result in an overall funding requirement of £880,000. These are funded by savings proposals of £913,000.

The level of revenue contributions to the programme is in line with the current HRA 3 year capital investment programme funding projections as well as the current HRA Business Plan projections to meet decency by 2013.

Approach to savings in 2011/12:

Housing Management has identified savings of £913,000 (equivalent to 8.6% savings target) in the following areas:

Housing Management

A reduction in the Housing Management unit costs will be achieved through a mixture of:

- A savings target of £263,000 from the implementation of the Customer Access Review in order to meet the management cost savings target included in the HRA 30 year Business Plan.
- A reduction in the miscellaneous fees and stationary budgets of £50,000 and a reduction in the support required from legal services and human resources resulting in a saving of £44,000.
- The shared use of Lavender Street Housing Office by CYPT will enable the HRA to share the running costs and provide savings of £90,000.

Property & Investment

Savings within Property & Investment will ensure that long term contracts continue to deliver value for money and some savings will also support the reduction in Housing Management unit costs. These savings include:

- A saving in employee costs of £130,000 from reduced pension liability costs associated with the transferring of staff to Mears under the Repairs, Refurbishment and Improvement Partnership.
- Deletion of a Water Engineer vacant post whose duties will be incorporated into an existing Health & Safety Manager role at a saving of £36,000.
- The budget strategy includes target savings of £300,000 for the new Mears responsive repairs and planned maintenance contract. The Mears IT systems provide savings through efficient booking of repairs jobs and delivery of 'Right First Time' repairs. In addition, the IT systems enable Mears to assess whether some repairs should form part of future planned works and through packaging works together further savings can be achieved. This sum also includes savings in the leasing of an office through co location at the Housing Centre.

Staffing Implications for the Directorate:

There are likely to be staffing implications arising from the outcome of the review of Customer Access. However, as this review and its implementation is not planned to be completed until October 2011, the detailed staffing implications are not yet known.

Agenda Item 50 App 3

Date	Meeting	
9 th Dec 2010 14 th Dec 2010	Cabinet OSC	Budget strategies Budget Strategies
6 th Jan 2011 25 th Jan 2011 26 th Jan 2011 26 th Jan 2011	ASCHOSC ESCOSC CTEOSC CYPOSC	Budget Strategies Budget Strategies Budget Strategies Budget Strategies
1 st Feb 2011 (n.b 2pm start) 17 th Feb 2011	OSC Budget Cabinet	Budget Strategies Overall budget package
3 rd March 2011	Budget Council	Overall budget package

Overview and Scrutiny Commission Work Plan 2010 - 2011

Issue	Overview & Scrutiny Activity	Outcome & Monitoring/Dates
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16 March 2010		
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Targeted Budget Management Month Nine	Ongoing budget monitoring	Replies to questions from Acting Assistant Director, Financial Services.
Council's Forward Plan	Report as requested at OSC 20 October 2009	Recommendations made to progress development of the Forward Plan.
Process to prioritise Scrutiny reviews	For agreement	Process agreed for scrutiny panel annual work programme.
Budget Scrutiny Feedback	To consider budget scrutiny process	Improved process welcomed and request for early information to be available for the 2011/12 budget.

27 April 2010		
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Street Access Scrutiny Panel Report	OSC to endorse the report	Agreed. Referred to Executive.
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Dignity at Work scrutiny panel report	OSC to endorse the report	Agreed. Passed to Governance Committee and referred to Executive.
Mandatory Development for Planning Committee	For approval to refer to Governance Committee	General support for the idea. Comments to be forwarded to Governance Committee.
Volunteering Strategy	For O&S Comment	Endorsed the strategy and made comments. Strategy scheduled to go to Cabinet.
Referral from HOSC	To determine whether or not to establish a Select Committee on alcohol-related hospital admissions	Agreed to establish a Select Committee to report back to OSC.
ASCHOSC Update	O&S Committee Chairs to update OSC on their work-programme and key issues	Noted work of the ASCHOSC.

8 June 2010

Creating a Council the City Deserves	OSC to comment	Chairman to write to the Chief Executive on behalf of OSC
Equalities 6-monthly update	Regular update	Questions on staff profile for older and younger workers, stolen Blue Badges and disabled access to park cafes and polling stations
Staff Disabilities Scrutiny Panel report	OSC to consider the report to endorse	Report referred to Cabinet for response

ECSOSC Update	Chair to provide update on work of the Committee	Suggestions for agreeing subjects for scrutiny
General Scrutiny Update	For noting and comment	Officer report on election processes requested for September meeting
20 July 2010		
Targeted Budget Management Outturn 2009/10	Ongoing budget monitoring	Report noted
TBM update and VFM progress report to 22 July Cabinet	OSC comments to be forwarded to Cabinet	Further information requested
In-Year Grant Reductions Report to 22 July Cabinet	OSC comments to be forwarded to Cabinet	Scrutiny Review established to investigate impact of grant reductions on communities including equalities impacts Current Equalities Impact Assessment of Connexions to be referred to CYPOSC
Climate Change Scrutiny Panel Report	OSC to consider the report for approval	Report endorsed and passed to Cabinet. Six-month progress report requested
Community Engagement Framework Update	OSC has a role in monitoring the Community Engagement Framework. First update	Information on good examples and reasons for poor practice asked for in

		next update
Annual complaints report	Provides background information which can be used to focus future scrutiny work	In the context of Intelligent Commissioning, learning on Repairs and Maintenance complaints to be forwarded to ASCHOSC
CTEOSC Update	CTEOSC Chairman to provide update on the work of the Committee	Noted the report
Dual Diagnosis Monitoring	Monitoring implementation to scrutiny panel recommendations	Progress in many areas welcomed and further 6 month update requested

7 September 2010

Election Processes	Presentation – Members to decide whether further work required.	Update on voter registration to be provided to Members
Dementia Select Committee	Select Committee report to be considered for approval.	Report approved
Annual Scrutiny Panel Work Programme	Consultation responses regarding panel topics. To agree priority list of panels for 2011/12.	Scrutiny panels agreed on A Living Wage, followed by Sharing of information on Vulnerable People
HOSC Update	HOSC Chairman to provide update on the work of the Committee	Information noted

19 October 2010		
Discussion with the LSP Chairman	Part of Scrutiny/LSP protocol; update on LSP	
Review of discretionary rate relief for small businesses	Pre-decision input on three year review	
Targeted Budget Management month 4	Ongoing budget monitoring	
CYPOSC Update	Chairman to provide update on the work of the Committee	

30 November 2010 - Meeting Cancelled

14 December 2010		
Targeted Budget Management Second Quarter	Ongoing budget monitoring	
Draft budget strategy following 9 December Cabinet		

Outcome of IC workshop and Report on Decision pathway		
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1 February 2011 (Moved from 11 January 2011)

Budget Strategies		
Equalities Review – 6-monthly update		
Report from the Societal Impact Budget Scrutiny		

1 March 2011 – Meeting Cancelled

5 April 2011

Targeted Budget Management Third Quarter	Ongoing budget monitoring	
Monitoring Staff Disabilities scrutiny review		
Monitoring of Climate Change scrutiny actions		