

Adult Social Care & Housing

Forecast Variance Month 6 £'000	Division	2009/10 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
127	Housing Strategy	4,721	4,721	0	0.0%
544	Adult Social Care	38,267	38,996	729	1.9%
671	Total	42,987	43,717	729	1.7%

Explanation of Key Variances

The forecast overspend of £0.729 million is after the delivery of a financial recovery plan expected to achieve a further £0.204 million in the last quarter to deal with the significant pressures being experienced, in particular growth in home care and residential care for people with physical disabilities.

The previously identified pressures on temporary accommodation costs within housing strategy have been addressed through reduction in voids and renegotiation of the storage contract.

The forecast overspend on Adult Social Care has increased by £0.184 million since TBM6. The increase is as a result of continued growth in complex cases within physical disabilities and a shortfall in the resident contributions at the Resource Centres.

Strategies and associated management actions are in place to work towards offsetting pressures and reducing the potential overspend. Actions include:

- Ensuring appropriate funding streams are used to meet the costs of complex need cases and Disabled Living Allowance /Independent Living Fund are maximised.
- Robust application of Fair Access to Care Services criteria;
- Maximising benefits and ensuring that attendance allowance and other benefits are used to purchase domiciliary and other 'low level' requirements;
- At review, ensuring that Fair Access to Care Services criteria is applied and care repackaged to ensure new services are fully utilised (e.g. Community Solutions/Telecare etc.);
- Operating a vacancy control system and controls over agency staff costs.

Children & Young People's Trust

Forecast Variance Month 6 £'000	Division	2009/10 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(528)	Director	3,872	3,146	(726)	-18.8%
1,639	Area Integrated Working	21,672	23,257	1,585	7.3%
164	Learning , Schools & Skills	(2,968)	(2,830)	138	4.6%
996	Citywide Services	30,059	30,962	903	3.0%
76	Commissioning & Governance	1,950	1,998	48	2.5%
(300)	Vacancy Management	-	-	-	0.0%
2,047	Total	54,585	56,533	1,948	3.6%

Explanation of Key Variances

Director (£0.726 million underspend) - this budget area relates to the staffing budget of the Director, Assistant Directors and admin support teams. This budget area underspend mainly relates to unallocated budget to offset the overall Directorate position, in particular the decision to switch £0.682 million from Dedicated Schools Grant (DSG) funding of Area Based Grant (ABG) areas in view of the size of the directorate overspend, which is explained further below.

Area Integrated Working (£1.585 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) and frontline social work teams.

Area Social Work Teams are projected to overspend by £0.171million due mainly to agency/sessional staff and transport costs. Legal fees are included within this division and these are currently forecast to overspend by £0.770 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. The numbers of care proceedings are set to double this financial year compared with last financial year. 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; it looks likely that the spend on court fees alone will be over £0.100 million above the sum allocated by the government for this purpose. This is a significant national issue that local authorities are collectively lobbying government on.

The other main overspend within this branch is £0.465 million on Preventative Payments. This relates to the ongoing costs relating to homeless families, payments to 'friends & relatives' carers and provisions.

Learning, Schools & Skills, this branch has responsibility for school admissions and transport, school funding including Schools Forum and Healthy Schools. The AD also leads on involving schools in the next phase of development of the Children and Young People's Trust. The main area of overspend in this area relates to Home School Transport £0.143 million.

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Citywide Services, this branch is involved in taking the lead on ensuring best outcomes for Children in Care and those with special educational needs, disability and complex health needs. In addition the branch is responsible for the budget for individual placements for children and the Youth Offending Team. More information on the corporate critical overspend can be found in Appendix 2. There has been a significant and sustained increase in activity in terms of referrals to social care (at times up to 61%) following Baby P and the Laming recommendations. This has resulted in a 33% increase in the number of children with a child protection plan and a 25% increase in the number of looked after children from December 2008 to December 2009.

Commissioning & Governance, this branch leads on behalf of the Children and Young People's Trust and Brighton & Hove PCT on the commissioning of services for children, young people and their families. In addition the work of this branch includes currently developing the new Children and Young People's Plan which will drive the next phase of the CYPT.

Vacancy Management - to partly address the overspend, a Vacancy Management target of £0.300 million was previously included in the forecast; the aim was to achieve savings without impacting on social workers and statutory staffing. These savings did not materialise and the target has been removed for TBM 9.

A plan is in place to continue to address the overspend and includes a number of short, medium and longer term actions.

In summary these actions include:

- Realignment of existing prevention provision to target families most at risk
- Review of placements for Looked After Children on an agreed cycle
- Targeted recruitment of in-house foster carers
- Review use of mother and baby placements
- Review of contracted services and application of VFM approach
- Develop proposals for permanency planning
- Review of costs relating to court proceedings/use of experts and ISW's

Dedicated Schools Grant – Virement Request

The Dedicated Schools Grant (DSG) is a ring fenced specific grant that supports the authority's Schools Budget. It is possible to vire unspent Dedicated Schools Grant funding to fund Schools Budget areas that were previously funded by the Area Based Grant. The Schools Forum have agreed this. This has resulted in a saving on the Council budget of £0.682 million.

Part of the Council's SEN strategy is to transfer pupils from expensive out of city placements to our own mainstream or special schools. As a result £0.600 million of the underspend on the Educational Agency placements budget has been transferred to support schools with SEN, Common Assessment Framework (CAF) and therapy costs.

Finance & Resources

Forecast Variance Month 6 £'000	Division	2009/10 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(190)	Finance	6,432	6,218	(214)	-3.3%
(229)	ICT	5,654	5,463	(191)	-3.4%
(135)	Customer Services	3,807	3,590	(217)	-5.7%
458	Property & Design	2,780	3,258	478	17.2%
(96)	Total	18,673	18,529	(144)	-0.8%

Explanation of Key Variances

Finance are projecting an underspend due to a reduction in external audit fees resulting from productivity improvements within the Internal Audit service which now undertakes work previously conducted by external audit. Higher than normal levels of staff turnover and associated vacancy management actions are also in place to assist the overall financial position.

ICT are forecasting an underspend due to savings on licence agreements and staff turnover/vacancy management. High priority projects and services to support business continuity (e.g. Helpdesk) are being maintained.

The main pressure in Customer Services relates to an expected shortfall in land charge income of £0.120 million, although this is an improvement of £0.062 million on month 6. The shortfall is due to the downturn in the housing market and the competition from private sector search companies. The corporate critical Housing Benefit budget is expected to generate an additional £0.300 million in subsidy, as local authority errors are predicted to be held below the government threshold and therefore attract additional subsidy.

Property & Design is forecasting a shortfall against commercial rent income of £0.420 million. The main loss is due to rent/lease renewals being on lower terms than expected due to the economic downturn; overall there has also been a slight increase in the number of voids. Income on this budget is particularly sensitive to the current market conditions and is being monitored very closely. Various measures are in place to manage and minimise the existing pressure, such as aggressive marketing, offering small businesses the option to pay rent in monthly instalments rather than quarterly, and negotiating short term lets to minimise voids. Currently there are only 2 voids out of 200 city centre retail units. Proactive procedures have been put in place for temporary lets and property services have a list of potential clients so that they can tailor the possible voids to the right clients/product. Temporary tenants have been put in place already and/or are about to be put in place where leases have been surrendered. Appropriate measures are being implemented for each property on a case-by-case basis. As a result, the shortfall is £0.410 million lower than it would have been without such action.

Strategy & Governance

Forecast Variance Month 6 £'000	Division	2009/10 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(12)	Improvement & Organ Devel	1,608	1,578	(30)	-1.9%
35	Legal & Democratic Services	3,157	3,157	-	0.0%
65	Policy Unit	3,400	3,400	-	0.0%
(100)	Human Resources	3,817	3,737	(80)	-2.1%
-	Executive Office	574	614	40	7.0%
-	Communications	582	696	114	19.6%
(12)	Total	13,138	13,182	44	0.3%

Explanation of Key Variances

The directorate forecast a small underspend of £0.012 million at TBM6 with an underspend of £0.100 million within Human Resources covering overspends in other service areas. The position at TBM9 has been revised to an overspend position of £0.044 million. The main changes are within Policy Unit and Communications as follows:

- Policy has improved to break even by active vacancy management and additional anticipated LPSA Stage 2 funding for Bliss and Community Engagement work.
- Communications had been expecting to contain its restructure and other corporate expenditure from within its own resources at TBM6. The revised position is an overspend of £0.114 million at TBM9 due to scaling down the anticipated recovery of funds due from corporate initiatives and by revision of forecast income across Print & Sign and Creative Services. There are proposals to bring this down and the team are actively working on ways to reduce the overspend.

Strategy & Governance are carefully monitoring all budget areas, minimising cost and increasing all available income where possible to reduce the projected overspend.

Environment

Forecast Variance Month 6 £'000	Division	2009/10 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
-	City Services	29,552	29,551	(1)	0.0%
(50)	Sport & Leisure	2,151	1,963	(188)	-8.7%
232	Sustainable Transport	(945)	57	1,002	106.0%
(99)	Public Safety	5,365	5,280	(85)	-1.6%
140	City Planning	2,368	2,672	304	12.8%
(80)	Vacancy Management	-	-	-	0.0%
143	Total	38,491	39,523	1,032	2.7%

Explanation of Key Variances

City Services remain on course to break even, efficiencies within the service are expected to cover the additional costs of the service disruption due to the recent adverse weather.

Sport and Leisure are reporting an increased underspend due to additional income and efficiency measures within the service designed to support the overall budget position.

Sustainable Transport is forecasting an overspend of £1.002 million an increase of £0.770 million since the last quarter. The majority of this is due to the loss of parking income resulting from the spells of winter weather in late December and early January, the total loss of income is estimated to be approximately £0.605 million. The weather is also expected to lead to increased maintenance costs on the highways.

Public Safety is forecasting an underspend due to spending controls and contract efficiencies.

In City Planning, both Development Control and Building Control have seen a drop in income from applications, in particular, there has also been a decline in the number of planning applications for large residential schemes due to the current economic conditions, which lead to a shortfall of £0.140 million reported at month 6. The position has worsened in the last quarter due to a continued reduction in Development Control income and additional operational costs.

Culture & Enterprise

Forecast Variance Month 6 £'000	Division	2009/10 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
75	Tourism & Venues	1,720	1,910	190	11.0%
-	Libraries & Information Services	4,073	4,073	-	0.0%
239	Royal Pavilion & Museums	2,204	2,433	229	10.4%
(1)	Culture & Economy	3,667	3,601	(66)	-1.8%
-	Major Projects & Regeneration	513	513	-	0.0%
313	Total	12,177	12,530	353	2.9%

Explanation of Key Variances

The Directorate has instigated management action to contain the forecast overspend and progress towards a balanced position. The adverse weather conditions resulted in a reduced footfall for Holiday on Ice with a consequent reduction in the income forecast causing the forecast overspend for the Directorate to increase. Before this exceptional item, the Directorate has identified £0.080 million reduction in the forecast as a result of management action.

Further action will continue to be taken for the remainder of the financial year to work towards a balanced position. This includes tight control on filling vacant posts, spending only on essential items of supplies and services and tight accountability. Tourism and Venues is forecasting an overspend due to entertainment shortfalls, business rates revaluation and unbudgeted repairs works at the Brighton Centre on the soil waste pipes. Venues will put tighter controls on the casual staff budget and maximise recharges to promoters.

Income at the Royal Pavilion and Museums is expected to be £0.300 million below target, an element of this relates to the adverse weather conditions as the Royal Pavilion was forced to close for 5 days in January as a result of a failure in the heating system. Together with energy pressures of £0.125 million these pressures are partly offset by vacancy management and other efficiencies within the service. Additional actions include retail product introduction and driving up profit margins; introduction of events to compensate for losses on corporate functions and weddings.

Centrally Managed Budgets

Forecast Variance Month 6 £'000	Division	2009/10 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
-	Bulk Insurance Premia	2,960	2,660	(300)	-10.1%
(260)	Concessionary Fares	7,345	6,945	(400)	-5.4%
-	Area Based Grant	(13,705)	(13,705)	-	0.0%
(400)	Capital Financing Costs	10,319	9,919	(400)	-3.9%
-	Levies & Precepts	195	195	-	0.0%
(2,175)	Other Corporate Items	6,740	3,865	(2,875)	-42.7%
(2,835)	Total	13,854	9,879	(3,975)	-28.7%

Explanation of Key Variances

There is a forecast saving on Bulk Insurance Premia of £0.300 million due to the number and size of insurance claims during the year being less than anticipated.

The underspend on concessionary bus fares has increased by £0.140 million to £0.400 million as a result of reduced journey numbers in December and a forecast reduction for January due to the adverse weather.

There is a forecast £0.400 million underspend on Financing Costs (after a contribution from the interest rate reserve of £0.900 million). The Treasury Management Policy approved at Cabinet in November describes the reasons why the council has been repaying debt primarily to reduce the council's exposure to investment risk. The repayment of debt has also resulted in a net saving to the council of around £1.200 million after taking account of the loss of investment income, although there is a net cost to the HRA due to perverse changes in subsidy (see HRA).

Under 'Other Corporate Items', the main variance is a saving of £1.275 million due to the pay award being confirmed at 1%, which is lower than the 2% included in the budget. The 2009/10 budget also includes a contingency provision of £0.750 million which is therefore available to offset general in-year pressures relating to social care demand and the economic situation.

Due to the continued overspend position the forecast no longer assumes the transfer of £0.700 million from contingency to support Building Schools for the Future. Replacement funding will be provided for this through the 3 year Capital Programme.

Section 75 Partnerships

Forecast Variance Month 6 £'000	Division	2009/10 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
-	Council managed S75 Servs	23,722	23,801	79	0.3%
386	NHS Trust managed S75 Servs	13,496	13,989	493	3.7%
386	Total S75	37,218	37,790	572	1.5%

Explanation of Key Variances

Council managed S75 services (Learning Disabilities) are forecasting a small overspend of £0.079 million being the expected shortfall on the Financial Recovery Plan of £1.900 million. To date, £1.605 million has been achieved as a result of panels ensuring that eligibility criteria (FACs) are applied robustly; there are also cost reductions from Preston Drove remodelling, spot contract negotiations and the Home Care review. Discussions with the PCT are ongoing on complex cases which are considered eligible for Continuing Health Care or Joint Funding there is a risk of a shortfall against the remaining £0.286 million of the Financial Recovery Plan expected to be delivered in the final quarter.

NHS Trust managed S75 services are forecasting an overspend of £0.493 million as follows:

- Sussex Partnership Foundation Trust (SPFT) – Mental Health & Substance Misuse is overspending by £0.319 million due to increases in the number and cost of homecare placements in Adult Mental Health.
- South Downs Health Trust – is overspending by £0.174 million, due to a staffing pressure on intermediate care services.

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

Brighton & Hove City Council / Primary Care Trust pot of £0.450 million for Older People Mental Health Services is being held by Joint Commissioners as a contingency reserve against overspends on NHS Managed Services.

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Housing Revenue Account (HRA)

Forecast Variance Month 6 £'000	Housing Revenue Account	2009/10 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(257)	Employees	9,265	8,867	(398)	-4.3%
133	Premises – Repair	11,093	11,280	187	1.7%
49	Premises – Other	3,038	3,093	55	1.8%
(70)	Transport & Supplies	2,093	2,140	47	2.2%
(29)	Support Services	2,251	2,182	(69)	-3.1%
140	Revenue contribution to capital	4,690	4,830	140	3.0%
(748)	Capital Financing Costs	4,356	3,614	(742)	-17.0%
1,003	Subsidy Payable	11,083	12,184	1,101	9.9%
221	Net Expenditure	47,869	48,190	321	0.7%
28	Dwelling Rents (net)	(41,168)	(41,179)	(11)	0.0%
(36)	Other rent	(1,222)	(1,217)	5	0.4%
(2)	Service Charges	(3,861)	(3,767)	94	2.4%
31	Supporting People	(564)	(615)	(51)	-9.0%
55	Other recharges & interest	(1,054)	(1,076)	(22)	-2.1%
76	Net Income	(47,869)	(47,854)	15	0.0%
297	Total	-	336	336	

Explanation of Key Variances

The forecast spend has increased to a projected overspend of £0.336 million compared to the overspend of £0.297 million forecast at month 6.

The forecast underspend on Employees has increased to £0.398 million which is due to the pay award being lower than budgeted for and vacancy management which is pending reviews to be implemented as part of the Housing Management improvement programme.

The Premises - Repairs forecast shows an overspend of £0.187 million, a slight increase of £0.055 million compared to month 6. This represents 1.7% of the Repairs revenue budget (£11.093 million) and includes the following variances:-

- The Responsive Repairs budget forecast overspend has increased by £0.055 million to £0.397 million. This is mainly due to high levels of expenditure during the early part of the year relating to additional works not in the base contract, such as damp proofing, being undertaken. Any repairs that are not considered a priority will now be programmed into the planned maintenance programme which is more cost effective.
- This overspend has been partly mitigated by the delay in implementing new service contracts (£0.101 million, now programmed to be implemented on 1 April 2010), and efficiencies realised in the decorations contract (£0.109 million).

Revenue Contributions to Capital, are projected to overspend by £0.140 million in relation to 6 major voids approved at Cabinet on 29 June 2009.

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It was previously reported that the current economic situation has led to a change in the corporate policy towards Treasury management. In order to substantially reduce the exposure to risk the council has prematurely repaid some £57 million of debt. This early repayment has also benefited the council by reducing capital financing costs of which the HRA has seen a reduction of £0.764 million, (i.e. £0.742 million capital financing costs underspend net of £0.022 million interest reduction shown under Income). However, for the HRA, due to the complexities of the subsidy system, there is also an increase of £1.101 million Housing Subsidy payable to central government resulting in a net overspend of £0.337 million. The council is monitoring the financial markets and, when there are signs that the markets are returning to a more stable and secure outlook, these interim measures will be withdrawn and new borrowing will be raised. If and when this happens the negative impact on the HRA will be revised.

The Service Charges under achievement of income has increased to £0.094 million. This increase is mainly due to an underachievement of leaseholder charges following lower than anticipated charges being levied.

