

# **CABINET / AUDIT COMMITTEE FOR INFORMATION**

## **Agenda Item 31**

Brighton & Hove City Council

### **THIS REPORT IS FOR INFORMATION OF THE AUDIT COMMITTEE**

<b>Subject:</b>	<b>Targeted Budget Management (TBM) Month 4</b>		
<b>Date of Meeting:</b>	<b>18 September 2008, 30 September 2008</b>		
<b>Report of:</b>	<b>Director of Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Nigel Manvell</b>	<b>Tel: 29-3104</b>
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<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No. CAB 2876</b>	
<b>Wards Affected:</b>	<b>All</b>		

#### **1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report sets out the forecast outturn position on the revenue and capital budgets as at the end of July 2008 (month 4).

#### **2. RECOMMENDATIONS:**

- (1) That the Cabinet note the forecast outturn for the General Fund, Section 75 Partnerships and Housing Revenue Account (HRA) for 2008/09 as at month 4.
- (2) That the Cabinet note the financial recovery plans for managing directorate overspends.
- (3) That the Cabinet approve a contribution from HRA revenue reserves of £0.250 million to fund the increased energy costs pressure.
- (4) That the Cabinet note the forecast outturn position on the capital budgets as at month 4.
- (5) That the Cabinet approve the following changes to the capital programme:
  - i) budget reprofiles as set out at appendix 3;
  - ii) budget variations as set out at appendix 4; and
  - iii) new schemes as set out at appendix 5.

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

3.1 The table below shows the forecast outturn position for council controlled budgets within the general fund, including directorates and centrally managed budgets and the outturn on NHS managed S75 Partnership Services. Detailed explanation of the variances can be found in Appendix 1.

Forecast Variance Month 2		2008/09 Budget Month 4	Forecast Outturn Month 4	Forecast Variance Month 4	Forecast Variance Month 4	Direction of Travel
£'000	Directorate	£'000	£'000	£'000	%	
1,096	Adult Social Care & Housing	40,770	41,827	1,057	2.6%	Improving
199	S75 Learning Disability Services	21,703	21,866	163	0.8%	Improving
623	Children & Young People's Trust	45,902	46,303	401	0.9%	Improving
(87)	Finance & Resources	18,092	17,993	(99)	-0.5%	Improving
80	Strategy & Governance	9,644	9,644	-	0.0%	Improving
111	Environment	36,647	36,645	(2)	0.0%	Improving
150	Cultural Services	12,810	12,917	107	0.8%	Improving
2,172	Sub Total	185,568	187,195	1,627	0.9%	Improving
	- Collection Fund	-	1,460	1,460	0.0%	Worsening
(460)	Centrally Managed Budgets	26,799	24,117	(2,682)	-10.0%	Improving
1,712	Total Council Controlled Budgets	212,367	212,772	405	0.2%	Improving
536	NHS Trust managed S75 Servs	12,537	12,850	313	2.5%	Improving
2,248	Total Overall Position	224,904	225,622	718	0.3%	Improving

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

Forecast Variance Month 2 £'000	Housing Revenue Account	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
317	Expenditure	46,941	46,755	(186)	-0.4%	Improving
4	Income	(46,691)	(46,505)	186	0.4%	Worsening
321	Total	250	250	-	0.0%	Improving

### 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.
- 3.4 The Collection Fund has been added to the list of Corporate Critical budgets due to the significant in year variance being forecast. Additional information on this budget and a full explanation of the variance can be found in paragraphs 3.6 – 3.9 below.

Forecast Variance Month 2 £'000	Corporate Critical	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
157	Child Agency & In House	21,912	21,947	35	0.2%	Improving
107	Sustainable Transport	(926)	(969)	(43)	-4.6%	Improving
(590)	Housing Benefits	154,396	153,836	(560)	-0.4%	Worsening
400	Land Charges Income	(957)	(557)	400	41.8%	No Change
(154)	Concessionary Fares	10,834	9,014	(1,820)	-16.8%	Improving
989	Community Care	21,121	22,052	931	4.4%	Improving
199	S75 Learning Disabilities	21,706	21,869	163	0.8%	Improving
-	Collection Fund	-	1,460	1,460	0.0%	Worsening
1,108	Total Council Controlled	228,086	228,652	566	0.2%	Improving
536	S75 NHS & Community Care	12,539	12,852	226	1.8%	Improving
1,644	Total Corporate Criticals	240,625	241,504	792	0.3%	Improving

- 3.5 The key activity data for each of the corporate critical budgets is detailed in Appendix 2. Note that the analysis in Appendix 2 will not always match exactly the outturn

variances shown in the table above, due to a number of different elements that can affect the outturn. The Appendix is designed to highlight the key underlying activity data that is having the most significant effect on the forecast. Narrative explanations regarding the projections are contained within the individual directorate forecasts contained in Appendix 1.

## **Collection Fund**

- 3.6 The collection fund is the account into which all payments of council tax are made. An estimate of the surplus or deficit on the collection fund is made in January of each year and is then taken into account in the setting of the council tax for the following year. The financial position of the collection fund depends upon both the council tax collection performance and movements in the level of the taxbase during the year. The taxbase can vary for example because of changes in the number of properties on the register, changes in the level of discounts and exemptions and banding changes notified by the Valuation Office. Any surplus or deficit is shared with the Police and Fire Authorities in proportion to the level of their council tax set. For 2008/09 the Brighton & Hove City Council share is approximately 85%.
- 3.7 The level of the collection fund is closely monitored on a monthly basis. The budgeted level of the fund is just under £133 million so small variations can have large financial consequences and significant implications for future council tax setting. It is for this reason that the projected balance on the collection fund will now be reported to Members on a regular basis as part of the TBM report. Reserves will need to be set aside to meet any in-year deficit to avoid impacting upon the 2009/10 council tax setting and forecast changes in future levels of the taxbase will need to be considered as part of the medium term budget and council tax strategy.
- 3.8 The latest forecast for the collection fund based on the first 4 months of the year shows a projected deficit of £1.700 million of which the council's share is £1.460 million. The projected deficit is currently entirely due to adverse changes in the taxbase while collection performance of both in-year council tax and arrears is firmly on target. The adverse changes in the taxbase are explained below but are largely due to the impact of the credit crunch and increasing numbers of student occupied properties within the city.
- The budgeted taxbase allowed for an increase in the number of properties on the register based on new developments under construction and timetabled to complete this year. The credit crunch and consequential changes in the housing market has meant that some developments are now on hold and have not completed as expected. In addition, there has been an increase in unfurnished exempt properties resulting in an overall reduction equivalent to about £0.700 million. Projected growth in the taxbase for future years had already been reduced to 0.1% per annum in January however even this level now looks optimistic.
  - Properties occupied entirely by students are exempt from council tax. In recent years the numbers of students, particularly those attending the universities, has grown sharply without an equivalent increase in places in halls of residence. This has meant that increasing numbers of students have been accommodated in the existing housing stock of the city. In fact since 2004/05 the band D equivalent

number of student occupied properties has increased by almost 50% from about 2,000 to over 3,000 projected for the current year. Whilst some provision was made in the budget forecasts the increased exemptions have left a shortfall equivalent to about £0.700 million in 2008/09 and concerns about the trends for future years.

- The final area of concern is the level of property banding changes. The original council tax property bandings were determined by the Valuation Office and any changes to those bandings are determined by them and not by the council. Appeals against council tax bandings are therefore handled by the Valuation Office and successful appeals resulting in a reduced band will trigger backdated refunds whereas increases are implemented with immediate effect. The level of successful reduced banding appeals is projected to exceed the provision in the budget by about £0.300 million in the current year.

### **Concessionary Fares**

3.9 The level of spending on concessionary fares in 2008/09 is hard to predict but depends largely on 5 factors:

- The reimbursement rate paid to the bus companies.
- The number of concessionary journeys which start within the City boundaries.
- The level of local bus fares.
- The number and level of additional cost claims put forward by the local bus companies – these are primarily associated with the measures needed to address over-crowding on certain bus routes.
- The success or otherwise of appeals against the scheme by the bus companies.

3.10 Having considered all of these factors the latest projected spend for this year is £1.820 million below the budget an improvement of £1.666 million since last month. The reasons for the improvement and the latest information on the factors impacting upon spending are detailed below.

- On the advice of external advisors and based upon the reimbursement calculation originally made by the Department of Transport (DfT) adjudicator, the budgeted reimbursement rate was set higher than the rate determined by the local scheme and notified to the bus companies. The successful legal challenge by the council over the 2007/08 reimbursement means that the risk of having to pay the higher rate is now very low and the anticipated spend for this year can be reduced by about £1.300 million. The bus companies will continue to receive the same level of reimbursement notified to them so there will be no impact upon local bus services.
- The increase in the number of concessionary trips for the first 4 months of the year is not as high as originally budgeted resulting in lower estimated spending of about £0.350 million.
- The recent increase in bus fares is within the provision made in the budget however there is still a risk of a further fares increase later in the year.
- The council has received only one additional cost claim so far this year but more are anticipated. However, these are expected to be within the provision made in the budget.
- There are a significant number of 2007/08 national appeals to be resolved in the Courts and until they are resolved, maybe not until next year, the DfT adjudicator

is not likely to recalculate the 2007/08 reimbursement payment due to Brighton & Hove Bus Company. The council therefore continues to hold financial cover sufficient to meet the original 2007/08 adjudication. Holding appeals for 2008/09 have been lodged by all the local bus companies on the 2008/09 local scheme reimbursement but it remains to be seen whether formal appeals will eventually be submitted and what the outcome of those appeals might be. The appeals position will be closely monitored but it is currently anticipated that the risk of higher payments to the bus companies is low because the local scheme is based on the reimbursement analysis tool developed by the DfT and used by the adjudicator to determine the outcome of all appeals.

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

- 3.11 The MTFS assumes a breakeven outturn position for 2008/09 on general fund budgets, the current forecast is an overspend of £0.405 million. If a breakeven position cannot be achieved, there are very limited unallocated reserves available and there may be other calls on those funds, therefore it is likely that any overspend would need to be funded from general reserves which would need to be replenished as part of the 2009/10 budget. If directorates cannot reduce the pressures going into 2009/10 they will need to be incorporated into service budget strategies and services will need to manage them within their cash limits.
- 3.12 The most significant in year service pressure relates to physical disability services, which is experiencing continued growth in client numbers. The full year effects of the current recovery measures will go some way to helping the situation next year, however, containing the pressure within the cash limit budget will be a challenge which will need to be considered in detail as part of the 2009/10 budget proposals.
- 3.13 Further work needs to be undertaken on the projections of taxbase for 2009/10 onwards but based on current information, the expected reduction in council tax resources available to the council in 2009/10 caused by the projected fall in the taxbase can be offset by the ongoing projected reduction in concessionary fares spending.

### **Capital Budget 2008/09**

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

<b>Capital Budget 2008/09</b>		2008/09 Budget £'000
Slippage brought forward from 2007/08 approved 12 June 2008		1,407
Schemes included in the 2008/09 budget and approved		42,642
Schemes approved with changes in resources		570
New Schemes approved		3,145
<b>Total Capital Budget 2008-09 as at month 4</b>		<b>47,764</b>

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

### Capital Forecast Outturn

- 3.18 A number of changes are proposed to the capital programme as follows: three budget reprofile requests are proposed and summarised in Appendix 4, variation requests to the capital budgets are contained in Appendix 5, and new capital schemes recommended for approval are listed in Appendix 6. A summary of the proposed changes are shown in the table below.

<b>Directorate</b>	2008/09 Budget £'000	New Schemes £'000	Budget Variations £'000	Reprofile Budget £'000	Amended Budget £'000	Forecast Outturn £'000
Cultural Services	1,000	305			1,305	1,305
Finance & Resources	6,413	65	329	130	6,937	6,937
Adult Social Care & Housing	2,297				2,297	2,297
Housing Revenue Account (HRA)	17,289		(80)	(250)	16,959	16,959
Children & Young Peoples' Trust	8,891	1,697			10,588	10,588
Environment	11,874	329	37	(571)	11,669	11,669
<b>Total</b>	<b>47,764</b>	<b>2,396</b>	<b>286</b>	<b>(691)</b>	<b>49,755</b>	<b>49,755</b>

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

## Capital Slippage

3.20 At this early stage in the year no slippage is anticipated by programme managers.

### Prudential indicator for capital expenditure

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

### Comments by the Director of Finance & Resources

- 3.23 The forecast outturn position on the revenue budget shows a significant improvement since month 2, the majority of which relates to an improved position on Centrally Managed Budgets. All directorates are showing a better outturn forecast, however, a number are still reporting overspends.
- 3.24 Discussions are ongoing with commissioners and provider NHS Trusts to ensure that effective financial controls and recovery within NHS-managed S75 partnership services are put in place for the year.
- 3.25 Cabinet in July requested overspending directorates to produce financial recovery plans, which are summarised in the table below:

<b>Recovery Plan</b>	<b>Management Actions £000</b>	<b>Alternative application of external funding £000</b>	<b>Total £000</b>
Adult Social Care & Housing	387	330	717
S75 Learning Disability Services	65	0	65
Children & Young People's Trust	345	0	345
Cultural Services	37	70	107
<b>Total</b>	<b>834</b>	<b>400</b>	<b>1,234</b>



3.26 Management actions include, for example, vacancy management, increased numbers of social care placement reviews, and actions to manage demand pressures. Alternative application of external funding includes using external funding where there is flexibility to support increased demand in relevant service areas and where this will have a low risk impact on other service delivery. None of the financial recovery actions involve changes in policy.

3.27 If the plans were achieved in full, the forecast outturn for directorate budgets would improve from £1.627 million overspent to £0.393 million overspend. Assuming financial recovery actions are achieved in full, it is expected that the remaining directorate overspends (i.e. £0.393 million) could be met from underspending on Centrally Managed Budgets. Financial recovery plans will be incorporated fully into TBM forecasts for future reports.

#### **4. CONSULTATION**

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

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

##### *Financial Implications:*

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

##### *Legal Implications:*

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

##### *Equalities Implications:*

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

##### *Sustainability Implications:*

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

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

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

*Risk & Opportunity Management Implications:*

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

*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 £0.405 million, any overspend will have to be funded from general fund reserves, which will then need to be replenished as part of the 2009/10 budget proposals.

**7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 Budget monitoring is a key element of good financial management, which is necessary in order for the council to maintain financial stability and operate effectively.
- 7.2 The capital budget changes are necessary to maintain effective financial management.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. Directorate Revenue Outturn Forecasts
2. Corporate Critical Budgets Activity Data
3. Proposed Capital Budget Reprofile Requests
4. Proposed Capital Budget Variations
5. New Capital Scheme Requests

**Documents In Members' Rooms**

1. None.

**Background Documents**

1. None.

**Adult Social Care & Housing**

Forecast Variance <b>Division</b> Month 2 £'000	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
- Housing Strategy	4,599	4,599	-	0.0%	No Change
1,096 Adult Social Care	36,171	37,228	1,057	2.9%	Improving
1,096 Total	40,770	41,827	1,057	2.6%	Improving

**Explanation of Key Variances**

Adult Social Care is forecasting an overspend of £1.057 million, which is mainly due to the corporate critical community care budget which is forecasting an overspend of £0.931 million, a slight improvement since month 2. Significant increased demand for homecare is being experienced across Older People and Physical Disability services.

Physical Disability services are currently providing services to 100 additional clients over and above the budgeted activity level of 368 clients. This demand has steadily grown since the 2008/09 budget assumptions were developed in October 2007. Although the unit cost of the service is reducing and is now £19 per week, per client lower than budgeted, the increased activity is giving rise to a budget pressure of £0.771 million.

There is also a pressure on Older People Services of £0.159 million, also relating to an increased number of clients (90). However, this is largely offset by an improving unit cost which results from a shift in the balance of clients from residential and nursing homes to home care.

## Children &amp; Young People's Trust

Forecast Variance Division Month 2 £'000	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
291 East, Early Years & NHS Comm Servs	9,777	10,278	501	5.1%	Worsening
175 Central Area & School Support	(7,250)	(7,025)	225	3.1%	Worsening
- Learning & Schools	7,510	7,510	-	0.0%	No Change
(45) West Area & Youth Support	4,736	4,663	(73)	-1.5%	Improving
122 Specialist Services	30,053	29,801	(252)	-0.8%	Improving
80 Quality & Performance	1,076	1,076	-	0.0%	Improving
623 Total	45,902	46,303	401	0.9%	Improving

## Explanation of Key Variances

The corporate critical budget of Child Agency Placements and In House Placements is forecasting an overspend of £0.035 million. The main variances are due to overspends on Independent Foster Agency placements<sup>1</sup> of £0.298 million and Leaving Care Accommodation<sup>2</sup> of £0.229 million being offset by an underspend on Residential Agency placements<sup>3</sup> of £0.532 million.

There are a number of other overspends across the directorate, the main ones being; preventative payments to homeless families of £0.171 million, increased premises costs at the Clermont Child Protection Unit of £0.048 million and a pressure on Area Social Care Teams of £0.044 million.

<sup>1</sup> Forecast FTE placements of 102 against a budget of 94

<sup>2</sup> Forecast FTE placements of 31 against a budget of 25 and a weekly unit cost £37 above budget

<sup>3</sup> Forecast FTE placements of 39 which is 2 less than budgeted for and a weekly unit cost £134 below budget

## Finance &amp; Resources

Forecast Variance <b>Division</b> Month 2 £'000	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
(3) Finance	5,906	5,898	(8)	-0.1%	Improving
- ICT	5,307	5,307	-	0.0%	No Change
(122) Customer Services	3,752	3,653	(99)	-2.6%	Worsening
38 Property & Design	3,127	3,135	8	0.3%	Improving
(87) Total	18,092	17,993	(99)	-0.5%	Improving

## Explanation of Key Variances

Customer Services is forecasting an underspend of £0.099 million as follows:

- The corporate critical housing benefits budget is forecasting an underspend of £0.560 million due to local authority errors being contained below the lower threshold which generates additional subsidy and increased overpayment recovery on non council housing rent rebates.
- The Land Charges income budget is also a corporate critical budget and is forecasting a £0.400 million shortfall. The downturn in the housing market is reducing the overall number of searches undertaken and there is also a continuing increase in the proportion of searches being undertaken as personal searches for which the council receives a much lower fee.

## Strategy &amp; Governance

Forecast Variance <b>Division</b> Month 2 £'000	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
- Improvement & Organ Devel	1,642	1,642	-	0.0%	No Change
50 Legal & Democratic Services	3,467	3,467	-	0.0%	Improving
30 Policy Unit	662	662	-	0.0%	Improving
- Human Resources	2,892	2,892	-	0.0%	No Change
- Executive Office	394	394	-	0.0%	No Change
- Communications	587	587	-	0.0%	No Change
80 Total	9,644	9,644	-	0.0%	Improving

## Explanation of Key Variances

The overspends previously forecast in both Legal and Democratic Services and the Policy Unit will be managed to zero by in-year service efficiencies.

**Environment**

Forecast	2008/09	Forecast	Forecast	Forecast	Direction
Variance	Budget	Outturn	Variance	Variance	of Travel
Month 2 <b>Division</b>	Month 4	Month 4	Month 4	Month 4	
£'000	£'000	£'000	£'000	%	
- City Services	30,134	29,934	(200)	-0.7%	Improving
(12) Leisure	1,622	1,702	80	4.9%	Worsening
107 Sustainable Transport	(926)	(969)	(43)	-4.6%	Improving
(10) Public Safety	3,780	3,783	3	0.1%	Worsening
26 City Planning	2,037	2,195	158	7.8%	Worsening
111 Total	36,647	36,645	(2)	0.0%	Improving

**Explanation of Key Variances**

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

Leisure Services are forecasting an overspend due to an income shortfall and utility costs pressure at the King Alfred Leisure Centre being partly offset by vacancy management savings.

The total forecast for Sustainable Transport is an underspend of £0.043 million an improvement of £0.150 million since month 2 made up as follows:

- An improvement in the shortfall being forecast due to the effect of the new Traffic Management Act on parking penalty charge notices. Early indications are that the amount received per PCN issued is likely to be less than in previous years. However, the amount per PCN has improved in the past month. The shortfall is reduced to £0.387 million in total, an improvement of £0.018 million, after taking into account Bus Lane Enforcement. This is partly offset by a reduction in the level of provision for bad debts of £0.101 million.
- Income from all on-street and off-street parking is forecast to exceed budget by £0.202 million.
- Vacancy management savings and other supplies & services savings will generate £0.127 million.

City Planning is forecasting an overspend due to loss of Planning Delivery Grant. The settlement was confirmed in August and is £0.250 million lower than expected. Measures have been taken to contain the pressure to £0.125 million in the current year. The funding shortfall will need to be resolved for future financial years. Development Control is also forecasting an overspend of £0.033 million.

**Cultural Services**

Forecast Variance <b>Division</b> Month 2 £'000	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
1 City Marketing	1,833	1,820	(13)	-0.7%	Improving
12 Libraries	4,074	4,115	41	1.0%	Worsening
78 Museums	2,174	2,245	71	3.3%	Improving
- Arts & Creative Industries	1,615	1,615	-	0.0%	No Change
7 Economic Devlpmnt & Regen	2,939	2,947	8	0.3%	Worsening
52 Major Projects & Venues	175	175	-	0.0%	Improving
150 Total	12,810	12,917	107	0.8%	Improving

**Explanation of Key Variances**

The Museums Service overspend is caused by pressures on its energy budgets and a shortfall in admissions income.

Vacancy management savings in Major Projects & Venues have negated the previously forecast overspend, which was due to rising energy costs.



## Centrally Managed Budgets

Forecast Variance	Division	2008/09 Budget Month 4 £'000	Forecast Outturn Month 4 £'000	Forecast Variance Month 4 £'000	Forecast Variance Month 4 %	Direction of Travel
(236)	Bulk Insurance Premia	2,481	2,179	(302)	-12.2%	Improving
(154)	Concessionary Fares	10,834	9,014	(1,820)	-16.8%	Improving
(70)	Capital Financing Costs	7,929	7,369	(560)	-7.1%	Improving
-	Levies & Precepts	192	192	-	0.0%	No Change
-	Other Corporate Items	5,363	5,363	-	0.0%	No Change
(460)	Total	26,799	24,117	(2,682)	-10.0%	Improving

## Explanation of Key Variances

The bulk insurance premia budget is expected to underspend by £0.066 million more than that reported at month 2. The previous insurance claims handlers were provided with a sum of money to resolve all live claims, upon changes to our claims handling arrangements. The final outstanding claim has now been settled and there is a surplus in their accounts of just over £0.066 million, including interest that is now due to the Council.

Concessionary Fares is forecast to underspend by £1.820 million, an improvement of £1.666 million since month 2. A full explanation for the movement can be found in the main body of the report.

The Capital Financing Costs forecast is an underspend of £0.560 million, an increase of £0.490 million on month 2. The main reason for the improved underspend is an increase in investment income due to an above threshold performance by the cash manager in July 2008, and higher than projected cash balances together with decisions to invest at higher interest rates.

## Section 75 Partnerships

Forecast Variance	Division	2008/09 Budget	Forecast Outturn	Forecast Variance	Forecast Variance	Direction of Travel
Month 2		Month 4	Month 4	Month 4	Month 4	
£'000		£'000	£'000	£'000	%	
199	Council managed S75 Servs	21,703	21,866	163	0.8%	Improving
536	NHS Trust managed S75 Servs	12,537	12,850	313	2.5%	Improving
735	Total S75	34,240	34,716	476	1.4%	Improving

## Explanation of Key Variances

Council managed S75 Services (Learning Disability Services) are forecasting an overspend of £0.163 million. Additional demand for day care and home care services have created a pressure of £0.114 million plus there are forecast income shortfalls on Housing Benefit/Supporting People income.

NHS Trust managed S75 Services are forecasting an overspend of £0.313 million, due to two areas:

- Sussex Partnership Trust (SPT) – Mental Health & Substance Misuse are forecasting an overspend of £0.158 million. The main pressures are within Adult Mental Health due to increased demand and high cost placements within Nursing Care. A financial recovery plan has been developed by SPT focussing on reducing WTE commitments/existing costs and managing growth.
- Sussex Downs Health Trust – HIV/AIDS, Intermediate Care and the Integrated Community Equipment Store (ICES) are forecasting an overspend of £0.155 million. The main pressure continues to be on ICES, forecast to overspend by £0.150 million, due to continuing high demand levels for equipment.

## Housing Revenue Account (HRA)

Forecast Variance Month 2	2008/09 Forecast Budget	Forecast Outturn Month 4	Forecast Variance Month 4	Forecast Variance Month 4	Direction of Travel
£'000	£'000	£'000	£'000	%	
<b>Housing Revenue Account</b>					
52 Employees	9,020	8,797	(223)	-2.5%	Improving
- Premises – Repair	10,813	10,899	86	0.8%	Worsening
250 Premises – Other	2,800	2,810	10	0.4%	Improving
15 Transport & Supplies	2,188	2,120	(68)	-3.1%	Improving
- Support Services	2,300	2,300	-	0.0%	No Change
- Revenue contribution to capital	3,385	3,385	-	0.0%	No Change
- Capital Financing Costs	4,941	4,924	(17)	-0.3%	Improving
- Subsidy Payable to Gen Fund	11,494	11,520	26	0.2%	Worsening
317 Net Expenditure	46,941	46,755	(186)	-0.4%	Improving
- Dwelling Rents (net)	(40,478)	(40,503)	(25)	-0.1%	Improving
- Other rent	(1,209)	(1,183)	26	2.2%	Worsening
- Service Charges	(3,292)	(3,165)	127	3.9%	Worsening
- Supporting People	(550)	(545)	5	0.9%	Worsening
4 Other recharges & interest	(1,162)	(1,109)	53	4.6%	Worsening
4 Net Income	(46,691)	(46,505)	186	0.4%	Worsening
<b>321 Total</b>	<b>250</b>	<b>250</b>	<b>-</b>	<b>0.0%</b>	<b>Improving</b>

## Explanation of Key Variances

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

The main variances consist of:

- Salary costs showing a net underspend of £0.223 million from vacancy management.
- Empty property repair costs overspend of £0.200 million due to an increase in the average cost of repair per property from £2,300 to £2,600. An action plan is being developed in order to reduce future costs. This is partly offset by a Service contract underspend of £0.162 million due to continuing with the existing contracts, which have a lower specification than the new contracts that had been budgeted for. (New contracts to be let for 2009/10)
- Service Charges income is underachieved on Major works recharges to leaseholders £0.126 million, due to completion of contracts in time for this years billing to leaseholders being less than anticipated when setting the original income budget.

KEY ACTIVITY DATA SUPPORTING CORPORATE CRITICAL BUDGET FORECASTS

ACTIVITY	INDUSTRY	LMT CODE	BUDGET			FORECAST			VARIANCE				
			ACTIVITY	LMT CODE	BUDGET	ACTIVITY	LMT CODE	BUDGET	ACTIVITY	LMT CODE	DIRECTION		
			£	£	£	£	£	£	£	£	Forecast	Target	£
<b>Child Agency &amp; In-home placements</b>													
Disability Agency	Cost per week	0.0	1,827	70,730.00	7.6	2,066	845,800	(0.2)	Improving	243	Worsening		87,000
Independent Foster Agency (IFA)	Cost per week	91.6	680	8,325.00	102.7	674	4,645,100	(0.3)	Worsening	(15)	Improving		257,500
Respite Foster Agency (RFA)	Cost per week	41.0	2,414	31,472.00	33.8	2,279	4,613,600	(2.2)	Improving	(136)	Improving		(552,000)
In-home Placements	Cost per week	362.9	306	8,560.00	364.8	4,281	5,319,600	(1.2)	Improving	(258)	Improving		(295,000)
Respite Placements	Cost per week	358.2	306	8,560.00	364.8	4,281	5,319,600	(1.2)	Improving	(258)	Improving		(295,000)
Learning Care 12 A nurseries	Cost per week	259.0	299	8,560.00	213.7	194	177,200	6.3	Worsening	(27)	Worsening		66,225
Learning Care 12 B nurseries	Cost per week	130.4	701	8,730.00	132.4	683	4,702,200	(2.0)	Improving	(18)	Worsening		(154,000)
<b>Specialist Treatment Centres of Child Management Act</b>													
Number of F2Ns issued	Average receipt per offence	127,146	146	(6,095,800)	133.01	(78)	(4,958,072)	4,796	Worsening	4	Improving		387,130
<b>Local Authority Financial Supplies</b>													
Local Authority	Income per month	4,168	(115)	(478,266)	3,382	(1,16)	(303,326)	(2,472)	Worsening	(1)	No Change		277,656
Financial Supplies	Income per month	43,662	(11)	(478,266)	32,387	(11)	(296,267)	(11,999)	Improving	(1)	No Change		(22,024)
<b>Concessionary Fares</b>													
Number of journeys	Total cost (state by number of journeys)	1,100,000	0.88	(3,792,000)	10,642,657	0.84	8,990,221	3,877,143.00	Improving	0.14	Improving		(1,819,779)
<b>Supporting Care</b>													
Miscellaneous Fees	Cost per week	1,869	204	17,430.00	1,276	169	17,697,000	(56)	Improving	100	Improving		150,000
Miscellaneous Fees	Cost per week	368	244	4,820.00	464	225	5,453,000	(222)	Improving	100	Improving		771,000
Miscellaneous Fees	Cost per week	66	133	47,750.00	9	123	583,000	(22)	Worsening	22	Worsening		(1,020,000)
<b>Section 75 Learning Disabilities</b>													
207 Physical Learning Disabilities	Cost per week	397	634	18,410.00	661	676	19,560,000	(64)	Improving	(54)	Improving		68,000
<b>207 NHS &amp; Community Care Act</b>													
207 NHS & Community Care Act	Cost per week	186	266	2,810.00	265	227	3,281,000	(82)	Improving	82	Improving		467,000
207 NHS & Community Care Act	Cost per week	301	327	3,300.00	59	279	8,500,000	(90)	Improving	90	Improving		(471,000)
207 NHS & Community Care Act	Cost per week	77	140	28,000.00	335	126	225,000	(8)	Improving	8	Improving		2,000
207 NHS & Community Care Act	Cost per week	77	140	28,000.00	335	126	225,000	(8)	Improving	8	Improving		2,000
207 NHS & Community Care Act	Cost per week	147	147	650,000			800,000						150,000
207 NHS & Community Care Act	Cost per week	147	147	650,000			800,000						150,000
207 NHS & Community Care Act	Cost per week	147	147	650,000			800,000						150,000
207 NHS & Community Care Act	Cost per week	147	147	650,000			800,000						150,000
207 NHS & Community Care Act	Cost per week	147	147	650,000			800,000						150,000

## CAPITAL BUDGET REPROFILE REQUESTS

### Housing Revenue Account

**Project Name: ICT Investment Variation (£ 250,000)**

The original budget for 2008/09 and 2009/10 totalling £0.821 million will be used to provide the software for performance monitoring and quality control needed to deliver the long term partnering agreement.

The HRA ICT Strategy is now under review and it is recommended that £0.250 million is reprofiled into 2009/10, aligning the spending with the timetable for the Housing Procurement Strategy, leaving £0.154 million as a contingency for the current year.

This contingency sum will be revisited once the successful contractors for the Housing Procurement Strategy have been selected and it is known what systems they use and what additional systems will be required.

### Environment

**Project Name: Western Bandstand Variation (£ 473,000)**

This Western bandstand project is planned to start in August 2008 and to finish in July 2009. Due to planning permission and listed building consent taking slightly longer than anticipated, not all of the works will be completed in this financial year.

**Project Name: Volks Railway Shed Variation (£ 98,000)**

This Volks railway project is under re-evaluation and needs to be re-profiled into 2009/10 as planning permission was limited to two years which does not enable a three phase approach as originally envisaged. A strategic plan needs to be agreed and adopted by the Council, which can then be used to try and secure funding for the long-term development of Madeira Drive. The plan would set out the strategic vision detailing all the elements and themes that will contribute to making Madeira Drive a vibrant and active seafront community. Issues to be addressed within the plan would include the rebuilding of the Volk's railway siding sheds with a possible education/heritage centre and dedicated restoration area.

### Finance & Resources

**Project Name: Backup & Recovery Variation £ 130,000**

ICT have requested that £0.065m included in both the 2009/10 and 2010/11 capital budgets identified for backup and recovery be reprofiled to 2008/09 to fund an Enterprise Licence Agreement (ELA) for Backup & Recovery systems. The early purchase of this licence in 2008/09 will benefit the council significantly by attracting a £150,000 discount compared with payment over 3 years. In March 2008 Corporate Procurement and ICT invited tenders for a backup & recovery system for the council's servers to be implemented and maintained in the period 2008/9 to 2010/11. When the tenders were returned and evaluated a preferred supplier was identified, although the tender prices were considerably higher than the original estimate. However within the terms of the preferred suppliers proposal was an option where the council would benefit significantly by purchasing an ELA. The ELA would provide all the systems and services required as per the contract over the 3 year period and save the council £150,000 on the tender price but with the full cost payable in 2008/09. The preferred supplier is a large company with considerable financial strength. If this option is taken then ICT, with legal support, will ensure the contract is robust to mitigate risks of non-performance. This is a project that has already been approved within the ICT capital programme although the funding was spread over 3 financial years.

**Capital Project Variation Form**

Project Title: Western Bandstand Restoration	Approved Budget: £852,000
Project Manager: Ian Shurrock	Forecast outturn: £889,315
Directorate: Environment	Variation: £ 37,315

The budget of £0.852 million was based on an original estimated cost plan of £685,000 plus Professional fees. The overall cost of the tender which has subsequently been received for an August 2008 commencement date added to the professional fees is £0.889 million which leaves a shortfall of £0.037 million.

Due to the specialist nature of the work involved in restoring a Listed building, estimating costs accurately has proved to be difficult. This combined with the unprecedented increase in the cost of metals and other inflationary cost increases since the original cost projections were made has resulted in this budget shortfall.

The shortfall can be funded from unsupported borrowing and the financing costs covered by the future rent for the let-able space. The estimated borrowing costs are £3,265 per annum for the variation cost of £0.037 million. The balance of the rental will cover the cost of maintenance and security.

**Capital Project Variation Form**

Project Title: Cash Incentive Scheme	Approved Budget: £80,000
Project Manager: Sylvia Peckham	Forecast outturn: £0
Directorate: Housing Revenue Account	Variation: £ (80,000)

The Cash Incentive Scheme provides a grant to help tenants buy properties in the private sector in order to free up council properties for letting. Due to the current market conditions of high property prices there was no take up of this scheme during 2007/08 and there is none forecast for the current year.

The HRA Tenants Transfer Incentive Scheme encourages council tenants under-occupying a family-sized or wheelchair-adapted property to downsize, and so releasing this type of accommodation for those in housing need.

In 2007/08, following no uptake of the Cash Incentive Scheme, the £0.080 million budget was transferred to the Tenants Transfer Incentive Scheme and used to fund a dedicated officer, marketing and additional incentive payments (from increased uptake). This resulted in 81 transfers which was a 100% increase on the previous year.

Following the success of the dedicated officer, it is proposed that this budget is again transferred to the Tenants Transfer Incentive Scheme to continue the funding as in 2007/08.

## Capital Project Variation Form

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Project Title: Woodvale Spire & Tower

Approved Budget: £122,000

Project Manager: Martin Hilson

Forecast outturn: £434,000

Directorate: Finance & Resources

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Variation: £ 312,000

The original competitively tendered contract was for structural and stonework repairs to the grade 2 listed Crematorium Spire, principally to correct a lean to the spire. The scaffold enclosure to the entire tower enabled inspection at close quarters that identified severe structural defects to large areas of stonework and flint work. With the contractor on-site and their scaffolding in place, instruction was given to open up and then take down the most dangerous areas of the structure that presented an immediate Health & Safety concern. The opening-up identified poor construction detailing coupled with inappropriate repair materials used during a major repairs contract estimated to have been undertaken in the 1930s.

The remaining other higher-priority defects present a serious Health and Safety risk and failure to undertake these repairs before the existing scaffolding is removed would necessitate closure of the building due to the risk of falling masonry.

The original current contract is to be extended to address the minimum of higher-priority essential repairs to allow the Crematorium and chapels to remain in use. A further phase 2 contract will be required in 2009/10 to undertake further lower priority repairs. Options for the procurement and funding of this further phase are being considered.

Property & Design are the Contract Administrators managing the project and have employed the Structural Engineer Consultant who advises on the Royal Pavilion to ensure essential repair areas are identified, prioritised and appropriate repair methods adopted. In addition, a Consultant Quantity Surveyor has been employed to negotiate repair rates with the contractor to ensure that value for money is achieved for the additional urgent and essential Health and Safety repair works.

The cost of the original contract together with all of the additional essential repair works can be financed from within this year's Corporate Planned Maintenance Budget (PMB) but would have a knock-on effect of postponing other essential planned works from this year's programme. It is proposed to bring forward additional resources from the 2009/10 budget to ensure that current schemes are not affected. Alternative proposals to ensure that the PMB budget level is maintained for next year are currently being explored. Any amendments to funding of PMB will be set out in the budget report for 2009/10.

## Capital Project Variation Form

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Project Title: Social Care Mobile Technology	Approved Budget: £33,000
Project Manager: Anita Baxter	Forecast outturn: £49,579
Directorate: Finance & Resources	Variation: £ 16,579

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The Department for Children, Schools & Families (DCSF) allocated the Council a 'children's formula' based grant allocation in 2007/08 to support employers to invest in improved mobile ICT infrastructures, including broadband access and equipment such as laptops and Personal Digital Assistants (PDAs) for children's social workers.

In December we were asked by the DCSF to indicate how much of the grant we would require carrying forward into the current financial year. Our project plan suggested approximately £0.021 million. However, some costs actually came in below our estimates. Although we requested a revised carry forward in the grant return, the DCSF have not agreed to this change and have requested that the underspend of £0.017 million be repaid to them. The budget is therefore reduced by this sum.

This pilot project will still be delivered, with the grant funding always having being supplemented by other ICT capital resources, as well as a further £0.033 million DCSF grant this year.

## Capital Project Variation Form

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Project Title: Adaptations / Craven Vale	Approved Budget: £342,760
Project Manager:	Forecast outturn: £342,760
Directorate: Adult Social Care & Housing	Variation in funding: £263,000

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There is currently £0.263 million of Mental Health capital grant funding (£0.133 million for 07-08 and £0.130 million for 08-09) which can be spent on any capital project (due to Social Care being a three-star authority by CSC1). It is proposed to use the grant instead of unsupported borrowing to fund the above scheme. This will save approximately £0.012 million in interest charges on the revenue budget.



## NEW CAPITAL SCHEMES FOR APPROVAL

New capital project approval	
Project title: Contact Centre, Ticketing System & Web build	Total project cost: £ 305,000
Project Manager: Abigail Thomas	Directorate: Cultural Services

### **The Project**

The Royal Pavilion & Museums (RP&M) is seeking investment in a Contact Centre, Ticketing System and Web Build to ensure it has the capacity to meet income targets for 2008/09 and beyond.

This invest to save scheme's business case has been approved by Financial Services

Various external reviews – including the VFM review for Cultural Services - have highlighted that current processes for customer contact are inefficient and investment is needed to make customer processes fit for purpose.

### **Benefits & options appraisals**

#### **Contact Centre**

A contact centre will:

- Reduce number of lost calls to both RP&M & Visit Brighton and therefore lost income
- Provide detailed historic reports on call trends
- Prioritise higher value calls

Options appraisals have been carried out on a combined contact centre with other customer service operations but all have proved impractical:

- City Direct offers a web-based service only
- Cityclean do not have the physical space at Depot for expansion, run a 5 day per week operation only (34% of RP&M business is weekends). There would also be significant cost in training staff and providing ticketing software for each call centre position at depot.

The new contact centre operation at RP&M, however, will give capacity for future joint working with other areas of similar service delivery. Eg. Visit Brighton, library conference room bookings as well as potentially Venues. It is anticipated that the new Destination Marketing System will share the call centre when the system has bedded in. In addition there is opportunity to link with commercial partners – eg i360 who are exploring partner contact centre options.

#### **Ticketing**

The new ticketing system will:

- Enable online bookings for tickets and packages, including advance sales
- Positively effect cash flow with advance sales and 'no shows'
- Increase revenue from uptake of 'additions' such as guidebooks and cream teas, which can be high online.
- Make income from booking charges

- Have a detailed customer database
- Automate e-mail confirmations
- Ensure tickets are sold for any location, at any location, without fear of overselling
- Remove the need for a manual diary system

### Website

A new enhanced website will:

- Meet requirements of a major external funder (£985k grant value per annum)
- Create a Sharepoint website in line with Council's shift to Microsoft
- Improve customer service

Be able to generate income on line – will integrate with ticketing system & online shop

Capital expenditure profile				
Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	£305,000	£0	£0	£ 0

Financial implications						
<p>If the invest to save scheme were approved it would become integrated in the Council's capital programme, funded by borrowing. The repayments would however be met from RP&amp;M revenue budget. The 2008/09 budgetary targets for admissions, retail, catering and functions income for the RP&amp;M service total £2.904m (being £1.471m, £0.915m and £0.258m and £0.260m respectively).</p> <p>A business case for the project has been undertaken by the RP&amp;M service, and checked by Finance staff. An analysis of the case shows a potential increase in income of approximately £0.244m over the next five years. This takes into account loan repayments and running costs of the new system, as well as industry-standard assumptions regarding factors such as up-selling and no-shows. There is sensitivity within the calculations which allows an 18% drop in income or 22% rise in costs before the scheme no longer makes money.</p> <p>Failure to invest in the modernisation of the service would mean that customer service remains poor, the service lags behind customer expectations and industry best practice within the heritage and attractions sector and that the service continues to underachieve on income currently standing at an underachievement of approximately £50k per annum. The capital costs total £305,000 to be funded by a loan with interest charges of £45,000.</p>						
	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>Total</b>
<b>COSTS</b>	<b>£,000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£,000</b>
<b>Loan repayment</b>	<b>0</b>	<b>93</b>	<b>89</b>	<b>86</b>	<b>82</b>	<b>350</b>
<b>Total System Cost including training</b>	<b>91</b>	<b>234</b>	<b>231</b>	<b>229</b>	<b>226</b>	<b>1,011</b>
<b>Total Income</b>	<b>(135)</b>	<b>(280)</b>	<b>(280)</b>	<b>(280)</b>	<b>(280)</b>	<b>(1,255)</b>
<b>Balance</b>	<b>(44)</b>	<b>(46)</b>	<b>(49)</b>	<b>(51)</b>	<b>(54)</b>	<b>(244)</b>

## New capital project approval

Project title: Extended Schools

Total project cost: £872,1100

Project Manager: Ellen Jones

Directorate: Children and Young Peoples Trust

## Purpose, benefits and risks

Extended services revenue and capital funding is allocated for the development of childcare and extended services around school sites to enable every school in the city to meet the 'core offer' of extended services by 2010. A detailed report was agreed at CYPT Board on 9<sup>th</sup> June 2008 to agree proposals to allocate Extended services capital funding of £334,508 based on an analysis of provision and need in 2008-9 as outlined below:

**Capital funding 2008-09: Extended Services Childcare allocation £334,508**

AREA	SCHOOL/PROVIDER	PROJECT	AMOUNT	%
WEST	Benfield	Refurbish Porto cabin	£40,000	12%
WEST	West Hove	Storage @ ASC	£5,000	1.5%
WEST	Aldrington	Target school	£15,000	4.5%
<b>Total West Area</b>			<b>£60,000</b>	<b>18%</b>
CENTRAL	Starfish Kids Club	Renovate church hall	£12,000	3.5%
CENTRAL	Class of Their Own	Floodlights to improve security@ Downs Jnr	£10,000	3.0%
CENTRAL	Tarnerland C&YPP	Renovate Tarner	£50,000	15.0%
<b>Total Central Area</b>			<b>£72,000</b>	<b>21.5%</b>
EAST	WASP	Retention owing from Whitehawk canteen (07/08)	£300	1.0%
EAST	Queens Park	Contribution to Extension (£365K approx.)	£150,000	45.0%
<b>Total East Area</b>			<b>£150,300</b>	<b>46.0%</b>
<b>Citywide contingency for emergency capital/ secondary schools*</b>			<b>£52,208</b>	
<b>Total</b>			<b>£334,508</b>	

## Capital expenditure profile

Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	£334,508	£354,419	£183,183	£ 872,110

## Financial implications

"The DCSF capital allocation for Extended Schools for 2008/09 is £334,508. This increases to £354,419 in 2009/10 and then reduces to £183,183 in 2010/11. The capital allocations for 2009/10 & 2010/11 will need to be reviewed in conjunction with other school capital allocations to ensure appropriate provision is provided

## New capital project approval

Project title: Early Years Capital Grant	Total project cost: £ 3,186,861
Project Manager: Caroline Parker	Directorate: Children and Young Peoples Trust

## Purpose, benefits and risks

To agree a Brighton & Hove strategy for allocating the Sure Start Early Years Capital Grant from the Department of Children Schools and Families (DCSF) over the next three years. This is a ring fenced grant aimed at private, voluntary and independent childcare providers with national aims to:

- improve the quality of the learning environment in early years settings to support delivery of the Early Years Foundation Stage, with a particular emphasis on improving play and physical activities; and ICT resources;
- ensure all children, including disabled children, can access provision;
- enable private, voluntary and independent providers to deliver the extension to the free entitlement for 3 and 4 year olds and to do so flexibly. R

That the following initial funding priorities for the first year's funding of £1,062,000 be agreed by Cabinet as follows:

- £312,000 for grants of up to £50,000 for groups identified in the citywide audit as needing improvements to their internal and external areas which can be made with a small grant. The first priority will be for groups in multi-use premises and the second will be for voluntary groups in rented premises.
  - £100,000 for adaptations to buildings and special equipment to include children with disabilities (eg. ramps and stair lifts). This would be open to all groups where the need is agreed by the Pre School SEN Service.
  - £50,000 to pay for feasibility studies where there are serious defects in buildings which cannot be met with a small grant. The results of these studies will be used to inform funding decisions for subsequent years.
  - £100,000 for grants of up to £3,000 a group for equipment for all groups in multi-use premises to help them manage clearing away at the end of each session and for all voluntary run groups.
- £500,000 to fund an extension at Peter Gladwin Primary School to house a local pre-school and to agree to ask both local pre-schools to express an interest in moving in to the new premises.

## Capital expenditure profile

Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	£1,062,287	£1,062,287	£1,062,287	3,186,861

## Financial implications

The capital cost of the recommendations in this report will be met from within the capital grant allocation of £1.062m. It is not anticipated that the expenditure listed in points (a) to (d) will result in any additional revenue costs.

- With respect to the extension at Peter Gladwin shown at point (e), the school will need to agree a rent with the pre-school that covers the additional costs of running and maintaining the extension.

## New capital project approval

Project title:	Phase 3 Children's centres	Total project cost: £	1,882,000
Project Manager:	Caroline Parker	Directorate:	Children and Young Peoples Trust

## Purpose, benefits and risks

The Department for Children, Schools and Families (DCSF) has asked Brighton and Hove to agree the number and location of the third and final phase of Children's Centres to open by March 2010

In Phase 3 local authorities will be working towards the national target of 3,500 Children's Centres to offer universal access to Children's Centre services. All Phase 3 centres will be located outside the most disadvantaged areas and will offer a less intensive level of support than Phase 1 and 2 centres. Local authorities have greater flexibility in deciding what level of service to offer based on local needs. They do not have to include childcare. The DCSF expectation is that Children's Centres should build on existing private, voluntary, independent or statutory services for children and families for example schools, childcare providers and health centres. The first priority is to ensure that the sixteen existing Children's Centres are fully fit for purpose and sustainable. They were developed quickly and with limited budgets. The new funding will cover buggy parks (£15,000), planned maintenance and minor adaptations (£70,000) and creating and equipping outside play areas (£215,000).

## Capital expenditure profile

Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	300,000	1,042,000	540,000	£1,882,000

## Financial implications

The Department for Children, Schools and Families has allocated Brighton & Hove capital funding of £1,882,000 over three years to fund both new Children's Centres and maintenance for existing Children's Centres. The revenue funding for Children's Centres will increase from £3.69 million in 2008/9 to £5.23 million in 2010/2011. This increase is to fund the new Centres and to increase funding for outreach workers and parenting support in existing Children's Centres. The capital cost of the recommendations in this report will be met from within the capital grant allocation. Any ongoing revenue costs will be met from within the revenue grant allocation for children's centres. Although grant allocations have only been announced as far as 2010/11 it is anticipated that this funding will be ongoing.

## New capital project approval

Project title: 4TR009 Cycling Demonstration Town	Total project cost: £259,000
Project Manager: Claire Whitehouse	Directorate: Environment

## Purpose, benefits and risks

2008-2009 is the final year of the original funded period following the award to Brighton and Hove as a Cycling Demonstration Town in 2005.

The original award was notified to the Policy & Resources Committee on 7 December 2005.

The scheduled Capital spend for 2008-2009 is £259,000 to be recovered from Cycling England.

Other works associated with Brighton and Hove's status as a Cycling Demonstration Town are funded by the Local Transport Plan and are budgeted under cost centre 4TR021 Integrated Transport Schemes (LTP).

## Capital expenditure profile

	2008/09	2009/10	2010/11	TOTAL
Cycling England	£0	£259,000	£0	£259,000

## Financial implications

The capital spend for 2008/09 is to be recovered from grant income (Cycling England)

## New capital project approval

Project title: Post Room Vehicles

Total project cost: £65,230

Project Manager: Allan Lemon

Directorate: Finance &amp; Resources

## Purpose, benefits and risks

It has become necessary to replace the existing 6 fleet Post Room Courier Vehicles. Now is considered to be an optimum time for their replacement. The new vehicles will consist of 4 SWB AND 2 LWB Ford Connects. The current vehicles are over three years of age which is considered to be the best time to replace on both financial and reliability grounds.

It is estimated that the cost of maintenance and new components for the vehicles will increase and securing M.O.T certificates will incur higher financial expenditure. Reliability is extremely important as delivery of external letters, parcels and packages are required on a daily basis and to structured deadlines.

We have looked into the fuelling of our vehicles and have been advised not to purchase LPG (Liquid Gas) due to maintenance availability being very poor and unreliable.

Electric vehicles are in their infancy and would be a logistic problem for the Post Room who would constantly be recharging them. The new diesel vehicles on the market are clean diesel, is now the only alternative.

## Capital expenditure profile

	2008/09	2009/10	2010/11	TOTAL
Unsupported Borrowing	£0	£65,230	£0	£65,230

## Financial implications

These vehicles are replacing leased vehicles and the repayments will be funded from the revenue resources previously allocated for leasing costs.

## New capital project approval

Project title:	Western Bandstand – Enhanced Lighting Scheme	Total project cost: £70,000
Project Manager:	Ian Shurrock	Directorate: Environment

## Purpose, benefits and risks

A very basic lighting scheme was included in the original proposal to restore the Bandstand. However, as security of such an historic structure is important a 'Secure By Design' scheme needs to be achieved. The lighting design not only needs to enhance the building and surrounding area but it must be sensitive to the historic nature of the building. Therefore, funding for a separate lighting scheme is required

## Capital expenditure profile

Year	2008/09	2009/10	2010/11	TOTAL
Estimated costs and fees	£70,000	£0	£0	£ 70,000

## Financial implications

The lighting cost can be funded from unsupported borrowing and the financing costs covered by the future rent for the let-able space. The estimated borrowing costs are £6,125 per annum for the variation cost of £70,000. The balance of the rental will cover the cost of maintenance and security