

<b>Subject:</b>	<b>Targeted Budget Management (TBM) Revenue Outturn 2007/08</b>		
<b>Date of Meeting:</b>	<b>12 June 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:</b> 29-3104
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<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan Reference: CAB 0007</b>	
<b>Wards Affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report sets out the revenue outturn for 2007/08 for the General Fund, Section 75 Partnerships and Housing Revenue Account (HRA) as at the 31 March 2008, please note the outturn is subject to audit.

**2. RECOMMENDATIONS:**

- (1) To note the provisional outturn for the General Fund, Section 75 (S75) Partnerships and Housing Revenue Account for 2007/08 and the impact on reserves and balances.
- (2) To agree the contribution of £0.500 million to the Single Status reserve and the creation of a Car Parks Maintenance reserve of £0.400 million.
- (3) To agree the changes to the 2008/09 budget allocations as set out in paragraph 3.6 of the report and the use of unallocated general reserves as set out in paragraph 3.5.
- (4) To agree the carry forward of £0.799 million to 2008/09 relating to the Older People Mental Health Services S75 pooled budget, managed by Sussex Partnership Trust, subject to Joint Commissioning Board approval at their meeting on 16<sup>th</sup> June 2008.
- (5) To agree an additional contribution from the General Fund to the S75 Partnership pooled budget to meet the shortfall of £0.199 million against the Integrated Community Equipment Services S75 pooled budget managed by South Downs Health Trust.
- (6) To agree the proposed distribution of the unallocated Local Authority Business Growth Incentive Scheme (LABGI) funding as set out in Appendix 2.

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

3.1 Table 1 shows the 2007/08 forecast outturn position for council controlled budgets within the General Fund, including directorates and centrally managed budgets and the outturn on NHS Trust managed S75 Partnership Services.

Forecast Variance Month 9 £'000	Department	2007/08 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
213	Adult Social Care & Housing	38,285	38,226	(59)	-0.2%
23	S75 Learning Disability Services	20,582	20,610	28	0.1%
1,043	Children & Young People's Trust	40,445	41,177	732	1.8%
1,989	Finance & Resources	21,530	23,299	1,769	8.2%
(81)	Strategy & Governance	9,454	9,482	28	0.3%
96	Environment	32,531	32,094	(437)	-1.3%
(14)	Cultural Services	12,719	12,543	(176)	-1.4%
3,269	Sub Total	175,546	177,431	1,885	1.1%
(2,489)	Centrally Managed Budgets	16,229	14,018	(2,211)	-13.6%
780	Total Council Controlled Budgets	191,775	191,449	(326)	-0.2%
(202)	NHS Trust managed S75 Servs	11,025	11,224	199	0.0%
<b>578</b>	<b>Total Overall Position</b>	<b>202,800</b>	<b>202,673</b>	<b>(127)</b>	<b>-0.1%</b>

3.2 Details of individual directorate forecasts are given in Appendix 1. Overall the council, has achieved an underspend of £0.127 million after providing for a proposed additional contribution to the S75 Partnership of £0.199 million. The provisional outturn is after taking account of all other recommended provisions and reserves.

3.3 The outturn position is significantly better than previously forecast. Strong financial control to address the forecast overspend, prudent financial management, including the achievement of additional efficiencies and vacancy savings where possible, and improved income generation have all contributed to the turnaround.

### 3.4 Specific Reserves & Provisions

The improved financial position enables consideration of an additional contribution to the Single Status Reserve. We are currently establishing our financial liability and this will be subject to negotiation with staff and unions. The medium term financing of any potential liabilities would need to be considered in future budget setting rounds alongside any available earmarked reserves and potential capitalisation directions from the government (which, if successfully obtained, would enable some of the potential liability to be spread over a period of years). Given the uncertainty over the potential liabilities and the method of financing, an increase to the reserve of £0.500 million is recommended at this time.

It is also proposed that a specific reserve of £0.400 million is created in respect of car parks maintenance. Additional detail on use of the reserve is given in Appendix 1 within the Environment directorate section.

### 3.5 Unallocated General Reserves

The accounting regulations applicable for the 2007/08 financial year included a change to the way capital financing costs are dealt with. The change resulted in a one-off reversal of charges made in previous financial years for premiums and interest. Under the new arrangements, these charges must now be spread over future years. The reversal had no effect on the overall outturn of £0.127 million but has increased unallocated general reserves by £0.970 million.

Including the underspend for 2007/08 and the accounting adjustment, unallocated general reserves stand at £1.530 million.

The collection fund is the account into which all council tax and council tax benefit is paid. The council's share of a projected deficit on the collection fund was estimated at £0.300 million in early January. Since then, the deficit has increased by £1.070 million for two main reasons: first, in common with many authorities there have been a number of successful appeals on council tax bandings requiring refunds to be made to residents going back a number of years, and; second, due to an unanticipated rise in the number of properties with student exemptions. The overall deficit in 2007/08 represents 1.25% of the total collection fund. It is proposed to earmark resources from the unallocated general reserves to meet the increased deficit and ensure that there is no impact on the level of council tax in 2009/10.

The budget for 2008/09 included the creation of a £0.250 million Transformation Fund to provide recurrent funding to support service transformation both in terms of management capacity and learning & development. The first round of Value for Money Reviews have identified significant opportunities for improvement projects and transformation plans and it is proposed to provide additional one-off support to take these forward by earmarking £0.100 million from unallocated general reserves.

Taking into account the proposed allocations above, the revised unallocated general reserves will be £0.360 million.

### 3.6 Proposed Budget Changes 2008/09

Environment Committee at their meeting on 20 March 2008 agreed the award of tendered bus services for the period 2008 to 2012. It also agreed that the identified shortfall in the subsidised bus routes budget of £0.162 million be met from savings in the sustainable transport budget. A review of the concessionary fares budget, using newly available financial models provided by the Department of Transport to help assess reimbursement levels for the bus operators, has identified capacity within the budget to meet this shortfall in 2008/09 and beyond. It is therefore proposed to transfer £0.162 million budget from concessionary fares to subsidised bus routes.

The Government announced provisional allocations for the final year of the Local Authority Business Growth Incentive scheme (LABGI) on 2 April 2008. The allocation to Brighton & Hove City Council was £1.269 million. Budget Council in February 2008 agreed the allocation of £1 million to various schemes leaving £0.269 million unallocated resources. It is proposed to allocate the remainder as set out in Appendix 2.

The Living Without Violence project requires interim funding to continue as it has now been confirmed that the current funding stream has come to an end. The project is a high priority for the council but there is a gap before there is a suitable bidding opportunity for central government funding. It is proposed to provide gap funding upto a maximum of £0.100 million Local Public Service Agreement 2 (LPSA2) reward grant. The reward grant is due to be paid during 2008/09 and 2009/10. The total reward is as yet unknown but is anticipated to be in excess of £2.500 million. This is funding of last resort and should the project secure funding from alternative sources this allocation will not be provided.

### 3.7 NHS Trust Managed Section 75 Partnerships

The Older People Mental Health Service is managed by Sussex Partnership Trust under a Section 75 Partnership arrangement. The service had planned to introduce a new service, "Dementia at Home", to provide intensive home care to enable more people to remain at home and avoid expensive acute hospital and/or nursing home care. Due to recruitment and other logistical difficulties, the implementation of the service has been delayed resulting in an underspend against the service. It is proposed to carry forward the underspend of £0.799 million to provide financing for the service in 2008/09 subject to Joint Commissioning Board approval on 16 June 2008.

The Integrated Community Equipment Store is managed by South Downs Health NHS Trust. The service has been under considerable pressure over the year in respect of both health and social care equipment and service demands. Health commissioners (Primary Care Trust) have provided an additional £0.400 million to meet additional demands for health equipment. In respect of social care equipment and services, there is an overspend of £0.199 million relating to increased demand. South Downs Health NHS Trust is unable to meet the overspend from other services. Taking into account all factors, it is proposed to make an additional contribution to the S75 Partnership pooled budget of £0.199 million as detailed in Appendix 1 subject to satisfactory financial performance. The council will provide some additional funding in 2008/09 subject to improved performance and will work closely with the Commissioner and South Downs Health to improve financial controls and efficiency in this service.

The above proposals for S75 partnerships are included in the overall outturn position reported at 3.1 above.

#### **4. CONSULTATION**

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

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

Financial Implications:

5.1 Included within the 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 and 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 proposed contribution to the Single Status reserve (£0.500 million) and the creation of a Car Parks Maintenance (£0.400 million) reserve are prudent actions based on current financial risk assessments. If these proposals were not approved, unallocated general reserves would increase by a corresponding amount.
- 6.2 If the earmarking of an amount (£1.070 million) of unallocated general reserves to support the collection fund deficit were not approved, alternative funds would need to be identified to cover the deficit to avoid future council tax levels being affected.
- 6.3 The £0.100 million allocation to the transformation fund if not made could delay service transformation projects/ value for money improvements. This is a modest amount that should support the speedier delivery of improvement projects and associated efficiency and productivity gains.
- 6.4 The proposed carry forward of £0.799 million in respect of S75 Older People Mental Health Services will be reported to the Joint Commissioning Board (JCB) for approval and is considered vital to ensure the setup and delivery of the new "Dementia at Home" service in 2008/09. Decisions regarding the utilisation of underspends on partnerships are taken jointly by the partners through the JCB. If this was not approved by the JCB and/or the Cabinet, the underspend would revert to both partners and would normally be shared in proportion to the partners' contributions to the pooled budget. However, given the additional investment of over £1.9 million in this service in 2007/08, it is highly likely that this would be successfully disputed by the Primary Care Trust and that the underspend would revert to the Primary Care Trust in full.

The overspend on the Integrated Community Equipment Store (£0.199 million) has been reported for many months and the demands on the service are known to have increased. South Downs Health NHS Trust were expecting to manage this pressure but higher than anticipated costs on other S75 services has meant that financial recovery could not be achieved. Provider trusts are expected to deliver within budget provided there are no significant changes in demand. In this case, there is some evidence of a change in demand for social care equipment and the provider is highly likely to be successful in arguing the case for additional contributions from the commissioners (council and/or PCT). If the additional contribution was not approved, South Downs Health Trust is likely to seek redress under the terms of the S75 agreement.

## **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 The recommendations have been made in the context of the overall financial standing and future outlook of the council. The movements on specific reserves and the earmarking of unallocated general reserves represent prudent financial management and make best use of the limited financial resources available to the council.

### **SUPPORTING DOCUMENTATION**

#### **Appendices:**

1. Appendix 1 – Revenue Outturn Position by directorate

#### **Documents In Members' Rooms**

1. None

#### **Background Documents**

1. Financial outturn reports for 2007/08.





## Adult Social Care & Housing

Forecast Variance Month 9 £'000	Division	2007/08 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
37	Director	279	311	32	11.5%
40	Housing Strategy	4,767	4,761	(6)	-0.1%
136	Adult Social Care	33,239	33,154	(85)	-0.3%
213	Total	38,285	38,226	(59)	-0.2%

\* This excludes £31.607 million in grant to the Section 75 Partnerships (see below)

Adult Social Care & Housing is reporting an underspend of £0.059 million, compared to an overspend of £0.213 million at Month 9.

Housing Strategy is reporting a small underspend of £0.006 million, which is an improvement of £0.046 million from Month 9. There is an underspend on the Homelessness budget of £0.345 million, mainly as a result of improved housing benefit collection levels and closure of a high unit cost accommodation unit. This underspend has been offset by significant pressures on Hostels as a result of essential repair works which reduced occupancy and increased staffing costs across the division.

Adult Social Care is showing an underspend of £0.085 million, which is an improvement of £0.221 million from Month 9. The main reason for this improvement is within Community Care reflecting the allocation of social care contingency funding. The Community Care budget shows an overspend of £0.104 million, with Physical Disabilities overspent by £0.403 million (being the full year effect of unachieved savings plan from 2006/07 and pressures within Homecare) and Older People Services are underspent by £0.344 million.

The above overspend has been offset by other mainstream budgets which are underspent by £0.189 million across Older People and Physical Disabilities.

## Children &amp; Young People's Trust

Forecast Variance Month 9 £'000	Division	2007/08 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
103	Director	897	1,050	153	17.1%
362	East, Early Years & NHS Comm Servs	9,684	10,023	339	3.5%
39	Central Area & School Support	(7,207)	(7,155)	52	0.7%
(43)	Learning & Schools	3,296	3,252	(44)	-1.3%
(126)	West Area & Youth Support	4,685	4,596	(89)	-1.9%
748	Social Care	27,996	28,419	423	1.5%
(40)	Quality & Performance	1,094	992	(102)	-9.3%
1,043	Total	40,445	41,177	732	1.8%

The directorate is reporting an overspend of £0.732 million, an improvement of £0.311 million since month 9. The main change is an improvement of £0.109 million on the corporate critical budget of foster care and child agency placements.

The total forecast overspend on foster care and child agency placements is £0.653 million, which is largely due to in-house foster placements of £0.406 million and leaving care of £0.276 million. The in-house foster placements variance was mainly caused by an increase in the number of residence order allowances. At the end of the financial year there were 153 residence order placements. The leaving care payments overspend largely related to additional accommodation costs.

Other major variances include overspends on legal fees (£0.124 million) and preventative payments for homeless families (£0.147 million), and a saving on Early Years Visitors of £0.150 million.

## Finance &amp; Resources

Forecast Variance	Division	2007/08 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
(152)	Finance	5,629	5,480	(149)	-2.6%
(86)	ICT	5,074	4,961	(113)	-2.2%
2,390	Customer Services	9,865	12,143	2,278	23.1%
(163)	Property & Design	962	715	(247)	-25.7%
1,989	Total	21,530	23,299	1,769	8.2%

The overall Finance & Resources directorate position has improved by £0.220 million from the variance reported at month 9.

The Finance underspend was due in the main to vacancy management savings.

The ICT outturn reflects the continued increase of savings from the telecomms contract and migration of data lines to a new platform.

Customer Services are reporting an overspend of £2.028 million (previously £2.100 million) on concessionary fares, due primarily to a much higher growth in journey numbers than expected but increases in bus fares had also contributed. The reduction in the overspend is due to the reassessment of all the appeal determinations. In April 2008 the council, with Lewes and Adur District Councils, lodged a Judicial Review (JR) application to challenge the way the decision was made by the Secretary of State for Transport on the 2007/08 reimbursement appeal determination for Brighton & Hove Bus Company. There have been 22 Judicial Review applications lodged nationally, mostly by bus operators and the outcomes of these applications are unlikely to be known until much later this financial year. There was also an under-achievement of income predicted on land charges fee income of £0.330 million.

The overall Property & Design underspend is due in the main to additional back rent, and in-year expenditure savings. The further improvement in the position since month 9 is due to additional back rent for residential properties within the Preston Barracks site.

## Strategy &amp; Governance

Forecast Variance Month 9 £'000	Division	2007/08 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
(53)	Director	461	462	1	0.2%
-	Improvement & Organ Devel	1,507	1,535	28	1.9%
(28)	Legal & Democratic Services	3,030	3,029	(1)	0.0%
-	Chief Executive's Policy Team	667	667	-	0.0%
-	Human Resources	3,334	3,334	-	0.0%
-	Executive Office	455	455	-	0.0%
(81)	Total	9,454	9,482	28	0.3%

The underspending of £0.081 million projected at month 9 has changed to a small overspend of £0.028 million against a budget of over £9 million. This change is explained as follows:

Within the Director's budget, costs associated with the new Constitutional changes were incurred.

Within Improvement and Organisational Development a business case for the early retirement of a member of staff was approved and the costs associated with this have been financed in 2007/08.

Within Legal and Democratic Services a budget carry forward has been authorised in respect of a new Document Management System, to help support the new constitutional changes and help ensure efficient and transparent governance.

Environment

Forecast Variance	Division	2007/08 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
Month 9 £'000					
-	Director	221	229	8	3.6%
(50)	Communications	513	389	(124)	-24.2%
(200)	City Services	24,653	24,515	(138)	-0.6%
-	Leisure	1,352	1,354	2	0.1%
492	Sustainable Transport	440	326	(114)	-25.9%
(174)	Public Safety	3,498	3,356	(142)	-4.1%
28	City Planning	1,854	1,925	71	3.8%
96	Total	32,531	32,094	(437)	-1.3%

Communications has underspent by £0.124 million mainly due to employee underspends and additional income arising from an increase in internal orders placed during the last quarter, which had not been forecast at month 9.

City Services underspent by £0.138 million arising from efficiencies within CityClean as forecast at month 9.

Public Safety has underspent by £0.142 million through overachievement of licensing fees (note: this has not caused the trading account to enter into a surplus position) offset by unanticipated staffing costs from initiative projects, which were incurred in March.

City Planning has overspent by £0.071 million due to a reduction in the fee earning assumptions for Building control, additional temporary staffing in Development Control to maintain performance levels, and other additional staffing costs identified at year-end.

Sustainable Transport has underspent by £0.114million, an improvement of £0.606 million since the forecast at month 9.

The improvement on Sustainable Transport is as a result of:

- On-street Parking fees and permit income from controlled parking zones exceeded budget by £0.832 million, an income increase of £0.592 million over the forecast at month 9.
- Penalty Charge Notice income fell short of budget by £0.906 million, an increased shortfall of £0.062 million over the forecast at month 9. The number of Penalty Charge Notices issued in the year was 127,000 compared to 160,000 in 2005/06
- Other on-street parking budgets underspent by a total of £0.538 million against the budget due to a reduction in the level of bad debt provision required for Penalty Charge Notices, and underspends on equipment, maintenance and contractors costs.
- Off-street parking budgets overspent by £0.111 million of which £0.063 million related to underachievement of income on The Lanes/London Road car parks. A deterioration of £0.100 since month 9 occurred mainly due to The Lanes.
- Highways expenditure on repairs and associated costs along with income generated in excess of forecasts resulted in a £0.225 million underspend against budget, which had not been forecast at month 9.
- Other sustainable transport budgets overspent by £0.064 million.
- A contribution of £0.400 million is recommended to be made from the overachievement of sustainable transport income to a Car Parks Maintenance reserve in 2008/09, in order to improve car parks and associated business processes to enhance monitoring and arrest the deteriorating income position on off-street parking referred to above.

## Cultural Services

Forecast Variance Month 9 £'000	Division	2007/08 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
84	Libraries & Museums	5,843	5,975	132	2.3%
3	Arts & Creative Industries	1,607	1,606	(1)	-0.1%
-	City Marketing	1,805	1,788	(17)	-0.9%
(101)	Economic Devlpmnt & Regen	3,154	3,039	(115)	-3.6%
-	Major Projects & Venues	310	135	(175)	-56.5%
(14)	Total	12,719	12,543	(176)	-1.4%

Cultural Services is forecasting an underspend of £0.176 million, an improvement of £0.162 million since month 9.

The overspend in Libraries (£0.048m) is attributed to late notification of charges in relation to actuarial and pension costs. The Museums overspend (£0.084m) is mostly due to income shortfalls at the Royal Pavilion.

The underspend in City Marketing since month 9 is due partly to delays in recruiting for maternity cover and increased income from conference accommodation bookings.

The Economic Development & Regeneration increased underspend is due largely to continued vacancy management savings and underspends in supplies and services across the service.

The large variance since month 9 in respect of Major Projects and Venues is due mainly to large credits on energy invoices, and higher than expected commission on the catering contract at the Brighton Centre. In addition there was a small overachievement in income from entertainments.

## Centrally Managed Budgets

Forecast Variance	Division	2007/08 Budget	Forecast Outturn	Forecast Variance	Forecast Variance
Month 9		Month 12	Month 12	Month 12	Month 12
£'000		£'000	£'000	£'000	%
150	Bulk Insurance Premia	3,205	3,219	14	0.4%
(1,362)	Housing & Council Tax Benefit	73	(1,251)	(1,324)	-1813.7%
(1,187)	Capital Financing Costs	8,450	7,077	(1,373)	-16.2%
-	Levies & Precepts	186	186	-	0.0%
(90)	Other Corporate Items	4,315	4,787	472	10.9%
(2,489)	Total	16,229	14,018	(2,211)	-13.6%

The bulk insurance premia overspend fell during the last quarter of the year. Lower than anticipated payments on insurance claims during the last 3 months of the financial year has offset the higher payments made earlier in the year resulting in the outturn being very close to budget.

The Housing & Council Tax Benefit forecast variance relates to three main issues:

As an incentive for local authorities to minimise the level of overpayments caused by local authority error, thresholds are built into the subsidy system. If the errors exceed an upper limit, zero subsidy is due on those overpayments but if the authority maintains errors below the lower limit it can claim 100% subsidy. Receipt of this additional subsidy is not assumed in the budget as the council is usually very close to the threshold limit. In 2007/08 errors were kept below the lower threshold which resulted in £0.405 million additional subsidy.

Additional subsidy has also been received in relation to 2006/07. The Housing Benefit subsidy claim for that year showed that the council had just exceeded the upper limit. However, the audit of the claim was completed at the end of November and following the audit, certain categories of local authority error were reclassified as eligible overpayments, which allowed the council to fall below the lower threshold and receive 100% subsidy. The net result of this is that the council achieved an extra £0.699 million in subsidy.

The remainder of the variance is due to actions taken with the service to increase overpayment recovery. The surplus was generated because certain housing benefit overpayments attract an element of subsidy, usually 40%, if they are recovered. Taken together with the recovered overpayment, the subsidy therefore gives rise to a net underspend.



The underspend on capital financing costs is due to an increase in investment income as a result of higher interest rates and higher cash balances available for investment (£1.313 million) and savings in interest payments (£0.060 million) due to rescheduling of long term debt (borrowings).

The movement on Other Corporate Items reflects the proposal to contribute £0.500 million to the Single Status reserve. This has been partly offset by funds released from unallocated general contingency.

## Section 75 Partnerships

Forecast Variance Month 9 £'000	Division	2007/08 Budget Month 12 £'000	Forecast Outturn Month 12 £'000	Forecast Variance Month 12 £'000	Forecast Variance Month 12 %
23	Council managed S75 Services	20,582	20,610	28	0.1%
(202)	NHS Trust managed S75 Services	11,025	11,224	199	1.8%
(179)	Total S75	31,607	31,834	227	0.7%

On council managed S75 Services (i.e. Learning Disability Services), the learning disability budget is showing an overspend of £0.028 million, after the agreed allocation of a non-recurrent social care risk provision from contingency. The various management actions taken during the year have achieved savings of £1.352 million against the financial recovery plan across Community Care and other Mainstream services.

#### South Downs Health Trust

With regard to Health Trust managed services, there is an overspend of £0.199 million relating to South Downs Health Trust and the cost pressures on the Integrated Community Equipment Store (ICES). This is a result of increased demands for both health and social care equipment and services. The Primary Care Trust has provided an additional contribution of £0.400 million to meet increased demands for health equipment and services. South Downs Health NHS Trust expected to achieve break-even for the year through delivery of a financial recovery plan to meet remaining cost pressures. However, due to continuing demands and higher than expected cost pressures on other services an overspend has resulted. Taking all factors into account, it is proposed to make an additional contribution of £0.199 million to meet the increased demand for social care equipment and services and thereby mitigate this overspend. In 2008/09 the council will provide reduced service pressure funding of £0.080 million subject to satisfactory financial performance and will work closely with the Commissioner and South Downs Health to improve financial controls and efficiency in this service.

### Sussex Partnership Trust

The outturn position is an underspend of £1.162 million primarily relating to Older People Mental Health Services. This is principally due to the start of the “Dementia at Home” service being later than planned and as a result the investment in this service will mainly occur in 2008/09. Adult Mental Health services was overspent by £0.375 million due to pressures on the community care budget. Substance Misuse is underspent by £0.011 million.

Where underspends occur on S75 pooled budgets, the partners are required to agree the utilisation of underspends. It has previously been reported to the Joint Commissioning Board that an underspend was likely in relation to the delayed start of “Dementia at Home” and that a carry forward would be recommended to enable the service to start up in 2008/09. It is therefore proposed to carry forward £0.799 million in this respect.

The Sussex Partnership Trust budgets are therefore shown as break-even, after inclusion of the proposed carry-forward of the £0.799 million.

## Housing Revenue Account (HRA)

Forecast Variance	Division	2007/08 Budget	Forecast Outturn	Forecast Variance	Forecast Variance
Month 9		Month 12	Month 12	Month 12	Month 12
£'000		£'000	£'000	£'000	%
(514)	Employees	9,122	8,596	(526)	-5.8%
(972)	Premises – Repair	12,430	10,799	(1,631)	-13.1%
(8)	Premises – Other	2,094	2,197	103	4.9%
(136)	Transport & Supplies	2,016	2,051	35	1.7%
2	Support Services	2,270	2,249	(21)	-0.9%
750	Revenue contribution to capital	3,176	4,440	1,264	39.8%
(168)	Capital Financing Costs	5,017	4,866	(151)	-3.0%
(41)	Subsidy Payable to Gen Fund	8,155	8,129	(26)	-0.3%
(1,087)	Net Expenditure	44,280	43,327	(953)	-2.2%
(2)	Dwelling Rents (net)	(38,895)	(38,903)	(8)	0.0%
(41)	Other rent	(1,173)	(1,235)	(62)	-5.3%
(113)	Service Charges	(3,202)	(3,306)	(104)	-3.2%
(29)	Supporting People	(527)	(560)	(33)	-6.3%
94	Other recharges & interest	(612)	(762)	(150)	-24.5%
(91)	Net Income	(44,409)	(44,766)	(357)	-0.8%
(1,178)	Total	(129)	(1,439)	(1,310)	1015.5%

The underspend has increased by £0.132 million since month 9 to £1.310 million.

The main variances are the efficiencies realised in the Repairs budget totalling £1.631 million, which have been partly reinvested in the capital programme through an increased Revenue Contribution to Capital of £1.264 million.

The underspend for repairs has increased by £0.659 million since month 9 mainly due to increased efficiencies in the service contracts of £0.385 million and due to the capitalisation of the cyclical decorations programme of £0.274 million (an accounting adjustment).

The Premises – Other costs increased by £0.111 million, which was mainly due to an increase in leaseholders' insurance costs. These additional costs will be passed onto leaseholders in the following financial year.

The increase in Transport and Supplies since month 9 is mainly due to an increase in the provision for bad debts as a result of increased debt write offs during 2007/08 following a review of write off procedures.

The capitalisation of repairs staff salaries (shown under Other recharges & interest) increased by £0.240 million to reflect the increased investment in the capital programme.

The HRA minimum recommended level of balances is £2.2 million. The provisional outturn increases the HRA level of revenue balances to £5.650 million, of which £3.450 million is available for use. These available reserves will be set aside to invest in the new long term partnering contracts and other programmes with demonstrable efficiencies ensuring the council achieves maximum value for money in order to meet Decent Homes in the future.

## Proposal for Unallocated LABGI Funds

Item	£m
<p><b>Brighton &amp; Hove markets – research study</b></p> <p>A coherent market strategy will ensure that all markets add economic benefits and mitigates the potentially negative impacts on localities and small business. It will support the council’s strategic goals contained in the Sustainability Strategy, the Economic Strategy and the 2020 Community Strategy. It will have due regard for the work around the Open Market. A LABGI contribution is sought to produce a three year strategy and an implementation plan including interim evaluation to ensure that the aims of the strategy are being achieved.</p>	0.010
<p><b>Open Market redevelopment project</b></p> <p>Redeveloping the Open Market would generate additional value to the local economy. The Open Market redevelopment project is the only capital project yet to receive continuation funding as a result of the closedown of the local Area Investment Framework in April 2008. The Economic Development &amp; Enterprise Board therefore recommended that the project should be supported if any additional LABGI funding was made available.</p>	0.050
<p><b>Management and delivery of the City Employment and Skills Plan</b></p> <p>Request for additional LABGI funding to support administration and project costs incurred through delivery of the four key strategic priorities of the CESP: Supporting the creation, retention and development of local business &amp; enterprise; Increase the employment rate; Develop &amp; improve skills for work; Develop the infrastructure &amp; intelligence to support the delivery actions of the CESP.</p>	0.030
<p><b>Futures model development</b></p> <p>In addition to the LABGI-funded co-ordinator, the ED team seeks funding to support direct training and further progression of the Futures model, in the first instance around Tourism Futures and in support of the numerous small businesses within that sector.</p>	0.030
<p><b>Business Retention and Inward Investment Study implementation</b></p> <p>The BRII Study will identify the economic sectors in Brighton and Hove that have capacity to grow and boost economic output in the city. Implementing the recommendations of the BRII study will require a range of interventions for and with the business community in order to support local growth in an increasingly competitive global market.</p>	0.060

<p><b>Business welcome packs and information system</b></p> <p>The packs are an important requirement for the ED team which will support the BRll study. The welcome packs will ensure businesses are linked to available services and support within the city. There are two main target groups for the welcome packs: -</p> <p>1) Companies that are considering investment in Brighton &amp; Hove. These enquiries are generally received directly or through Seeda.</p> <p>2) Companies that have recently located in the city. Subscription to an appropriate data system is required in order to identify and engage new businesses using the welcome packs.</p>	0.018
<p><b>Promoting Sustainable Economic Development</b></p> <p>In support of the council's aim to promote sustainable economic development, the ED team require funding to support business retention and growth through the Sustainable Business Partnership. Work areas include environmental audits and training, and result in boosting company profits and growth potential through efficiency savings.</p>	0.010
<p><b>Centre for Cities Research relating to Brighton &amp; Hove Policy</b></p> <p>The Centre for Cities, a respected London-based think tank, is proposing to include Brighton and Hove in some action-focused research on maintaining growth in small cities. In return for their work with us, and the policy advice that comes with it, we are asked to make a small contribution to the costs of the study</p>	0.005
<p><b>Sussex Economic Summit</b></p> <p>Request for LABGI funding to support the Sussex Economic Summit planned for late spring/ early summer this year. The aim of the event is to share economic strategies in the light of the new LAAs and the outcome of the Sub-National Review, explore the potential for joint working across local authority boundaries and develop a Pan Sussex strategic approach for driving forward economic development across the area.</p>	0.005
<p><b>Planning Projects – Major Projects, Community Stadium</b></p> <p>Planning issues around the Community Stadium project must be addressed efficiently and in a co-ordinated manner which respects the project milestones. In addition to advising on the planning matters related to implementation of the stadium, an additional need has arisen to address a number of prospective planning applications related to the project. Accordingly, there is a need for some additional consultative work and a short to medium term appointment</p>	0.051
<p><b>Total</b></p>	<b>0.269</b>

