

Adult Social Care & Housing

Forecast Variance Division Month 6 £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
- Housing Strategy	4,819	4,819	-	0.0%
532 Adult Social Care	38,145	38,685	540	1.4%
532 Total	42,964	43,504	540	1.3%

Explanation of Key Variances

Adult Social Care is forecasting an overspend of £0.540 million. The corporate critical community care budget is forecasting an overspend of £0.871 million, which has stabilised since month 6. Significant demand increases are being managed across Older People and Physical Disability Services.

Older People Services are forecasting an overspend of £0.134 million, due to additional client numbers. However, the average unit cost has improved due to a shift in the balance of clients from long term nursing and residential care to home care.

The Physical Disability Services forecast overspend is £0.737 million. Estimating demand for community care services is difficult as there are often peaks and troughs in demand. In addition, the budget process requires that demand is usually estimated around October of the previous year and commissioners will therefore base estimates on a combination of activity at that time together with an analysis of the medium term trend. If demand changes significantly during the period October to March or if planned recovery action or other measures to contain demand are not achieved in full, this can therefore mean that the budget for the following year becomes out of step with activity (demand). This situation occurred in 2007/08 where high levels of growth in demand for Physical Disabilities services meant that the budget was insufficient to cover the number of clients receiving services. A recovery plan was put in place in 2007/08 to reduce costs and contain demand. This was taken into account in assessing levels of demand for setting the 2008/09 budget. In the event, there was a shortfall in the recovery plan in 2007/08, although the budget was balanced by other measures, and there has been further unexpected growth in 2008/09 on both service areas. These two factors have resulted in the current budget pressures.

The overspend on the corporate critical budgets is partly offset by £0.200 million of grant funding being used on Older People – Mainstream Services. A saving is also forecast on Service Strategy & Regulation of £0.201 million, due in the main to a reduction in the forecast spend on jointly funded staff.

Close monitoring of placement budgets will continue and further potential savings and/or alternative use of external funding are being explored to continue to improve the budget position.

Children & Young People's Trust

Forecast Variance	Division	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
468	East, Early Years & NHS Comm Servs	11,428	11,799	371	3.2%
351	Central Area & School Support	(8,497)	(8,191)	306	3.6%
	- Learning & Schools	9,173	9,076	(97)	-1.1%
(155)	West Area & Youth Support	8,922	8,580	(342)	-3.8%
(560)	Specialist Services	30,304	28,852	(1,452)	-4.8%
(20)	Quality & Performance	1,156	1,124	(32)	-2.8%
(52)	Vacancy Management	-	-	-	0.0%
32	Total	52,486	51,240	(1,246)	-2.4%

Explanation of Key Variances

The corporate critical budget of Child Agency Placements and In House Placements is forecasting an underspend of £0.972 million, an improvement of £0.691 million since month 6. A key reason for the improvement has been a fall in the number of placements by 27. Although, this is a relatively small reduction, individually cases can be high cost and modest reductions can result in significant financial savings. However, the reverse is also true and the 2009/10 budget strategy will reflect this risk in the light of the current national focus on Children's Services. The main overall variances are due to underspends on Residential Agency placements¹ of £0.685 million and In-house placements² of £0.445 million. This performance is a good achievement in the light of the heightened national and local focus on children's services which is placing pressure on services.

Other variances within the directorate are underspends on Area Social Care Teams of £0.260 million due to staff vacancies and £0.150 million on legal fees. The main overspend relates to preventative payments to homeless families of £0.214 million. There are also additional costs of £0.151 million relating to the Falmer Academy development.

¹ Forecast FTE placements of 35 which is 6 less than budgeted for but with a weekly unit cost £40 above budget

² Forecast FTE placements 4 below the budgeted level and with ~~20~~ weekly unit cost that is £22 below budget

Finance & Resources

Forecast Variance Division Month 6 £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(66) Finance	6,062	5,853	(209)	-3.4%
(21) ICT	5,427	5,427	-	0.0%
79 Customer Services	3,466	3,573	107	3.1%
8 Property & Design	1,879	1,904	25	1.3%
- Total	16,834	16,757	(77)	-0.5%

Explanation of Key Variances

Finance is forecasting an underspend of £0.209 million due to vacancy management savings caused by higher than normal staff turnover.

Customer Services is forecasting an overspend of £0.107 million, the main reasons are 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 £0.600 million shortfall. The continuing downturn in the housing market has dramatically reduced 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 & Governance

Forecast Variance Division Month 6 £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
- Improvement & Organ Devel	1,705	1,705	-	0.0%
(2) Legal & Democratic Services	3,160	3,160	-	0.0%
- Policy Unit	831	831	-	0.0%
(6) Human Resources	4,176	4,168	(8)	-0.2%
(2) Executive Office	395	393	(2)	-0.5%
(2) Communications	590	588	(2)	-0.3%
(12) Total	10,857	10,845	(12)	-0.1%

Explanation of Key Variances

There has been no change to the outturn variance since the last quarter, the directorate is funding all in year service pressures through efficiency savings.

Environment

Forecast Variance Month 6 Division £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(200) City Services	30,292	30,092	(200)	-0.7%
98 Sport & Leisure	1,667	1,806	139	8.3%
160 Sustainable Transport	(533)	(349)	184	34.5%
(40) Public Safety	5,767	5,655	(112)	-1.9%
158 City Planning	2,096	2,301	205	9.8%
176 Total	39,289	39,505	216	0.5%

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 have now been recruited too.

Sport & Leisure Services are forecasting an overspend due to a continued difficulty in achieving income targets on Golf Courses and King Alfred due to a downturn in usage, and utility costs pressure at the King Alfred Leisure Centre; these are being partly offset by vacancy management savings.

The total forecast for Sustainable Transport is an overspend of £0.184 million, a slight deterioration of £0.024 million since month 6. The variance can be analysed as follows:

- Penalty charge income is forecast to be £0.190 million below budget. This is an improvement since month 6 of £0.165 million. The forecast number of notices issued has remained constant but the average receipt per notice has increased slightly. The changes introduced by the Traffic Management Act made it very difficult to accurately predict what the average figure would be per notice due to the tiered structured of the penalties and the charge can also differ dependent on how soon the debt is settled.
- Income from all on-street and off-street parking and permit income is forecast to come close to break even with a slight deficit forecast of £0.030 million. There has been a slight reduction in expected usage in the last couple of months, which could be as a consequence of the current economic downturn, which is affecting all sectors of the economy. The situation will be monitored closely over the coming months.
- Other expenditure is forecast to exceed budget by £0.144 million, an improvement of £0.067 million since month 6 due to tight spending constraints to assist the overall directorate position. The main variance is an overspend on energy costs of £0.188 million following the contract relet for street lighting and traffic signals.

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.

Development Control is also forecasting an overspend of £0.076 million.

The directorate will continue to apply financial management processes (e.g. vacancy management) to ensure that spending is tightly controlled and can contribute to achieving financial balance.

Cultural Services

Forecast Variance Division Month 6 £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(9) City Marketing	1,834	1,841	7	0.4%
41 Libraries	4,081	4,122	41	1.0%
146 Museums	2,183	2,329	146	6.7%
- Arts & Creative Industries	1,615	1,615	-	0.0%
(9) Economic Devlpmnt & Regen	3,551	3,514	(37)	-1.0%
- Major Projects & Venues	181	181	-	0.0%
169 Total	13,445	13,602	157	1.2%

Explanation of Key Variances

The forecast remains relatively unchanged since last quarter.

The main variance relates to an overspend in the Museums Service due to a shortfall against income targets on admissions, retail and functions and an overspend on energy costs. The variance is being partly offset by vacancy management and other savings. These measures will continue to be applied for the remainder of the year to attempt to offset cost pressures.

Centrally Managed Budgets

Forecast Variance Division Month 6 £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(350) Bulk Insurance Premia	2,781	2,431	(350)	-12.6%
(1,820) Concessionary Fares	9,158	7,225	(1,933)	-21.1%
(800) Capital Financing Costs	7,929	7,029	(900)	-11.4%
- Levies & Precepts	192	192	-	0.0%
(220) Other Corporate Items	1,428	1,208	(220)	-15.4%
(3,190) Total	21,488	18,085	(3,403)	-15.8%

Explanation of Key Variances

The bulk insurance premia underspend is due in the main to a saving on the renewal of the insurance contract. And there have been fewer insurance claim payments made than anticipated during the summer.

The concessionary fares underspend is due to a successful legal challenge against the reimbursement rate originally set by the Department for Transport and a lower than expected rise in the number of concessionary fare trips.

The Capital Financing Costs projection is an underspend of £0.900 million, an increase of £0.100 million on the reported figure at month 6. The main reason for the underspend is higher investment income driven by higher cash flow balances.

Other Corporate Items are forecast to underspend by £0.220 million. This is a combination of a one-off contingency for energy costs in 2008-09 and recurrent funding set aside for the closure of Carlton Hill car park as part of the Circus Street development which will also not be required in this financial year.

Section 75 Partnerships

Forecast Variance Division Month 6 £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
165 Council managed S75 Servs	22,761	23,008	247	1.1%
644 NHS Trust managed S75 Servs	14,291	14,777	486	3.4%
809 Total S75	37,052	37,785	733	2.0%

Explanation of Key Variances

Council managed S75 services (Learning Disability Services) are forecasting an overspend of £0.247 million. There is a pressure of £0.064 million on the community care budget and £0.183 million on in-house services due to staffing pressures and income shortfall on housing benefit/supporting people. Opportunities for further savings with the financial recovery plan continue to be explored together with continuing reviews, with the PCT, of sources of funding for placements.

NHS Trust managed S75 Services are forecasting an overspend of £0.486 million, due to two areas:

- Sussex Partnership Trust (SPT) – Mental Health & Substance Misuse are forecasting an overspend of £0.475 million, an improvement of £0.158 million since month 6. The PCT have advised that all of the SPT 2007/08 carry forward of £0.799 million is required to pump prime health initiatives including the Access to Psychological Therapies health initiative. SPT is developing a financial recovery plan but much of this is not yet costed and only limited amounts (£0.101 million) is currently assessed as achievable in this financial year. SPT have agreed to meet the first £0.300 million of any overspend, reducing the risk to the Council to £0.175 million. The other main pressures are within Adult Mental Health due to increased demand and high cost placements within Nursing Care.
- Sussex Downs Health Trust – HIV/AIDS, Intermediate Care and the Integrated Community Equipment Store (ICES) are forecasting an overspend of £0.011 million.

Housing Revenue Account (HRA)

Forecast Variance Month 6 £'000	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
Housing Revenue Account				
(379) Employees	9,044	8,661	(383)	-4.2%
107 Premises – Repair	11,742	11,760	18	0.2%
164 Premises – Other	2,923	2,952	29	1.0%
(85) Transport & Supplies	2,157	2,088	(69)	-3.2%
19 Support Services	2,300	2,320	20	0.9%
80 Revenue contribution to capital	2,481	2,561	80	3.2%
(33) Capital Financing Costs	4,941	4,908	(33)	-0.7%
53 Subsidy Payable	11,494	11,547	53	0.5%
(74) Net Expenditure	47,082	46,797	(285)	-0.6%
(83) Dwelling Rents (net)	(40,478)	(40,561)	(83)	-0.2%
(2) Other rent	(1,209)	(1,211)	(2)	-0.2%
(241) Service Charges	(3,433)	(3,533)	(100)	-2.9%
(9) Supporting People	(550)	(547)	3	0.5%
69 Other recharges & interest	(1,162)	(1,068)	94	8.1%
(266) Net Income	(46,832)	(46,920)	(88)	-0.2%
(340) Total	250	(123)	(373)	

Explanation of Key Variances

The forecast spend has reduced by £0.033 million compared to the Month 6 forecast and is now projected to underspend by £0.373 million by year end.

Salary costs are projected to underspend by £0.383 million from vacancy management pending reviews to be implemented as part of the Housing Management Improvement Programme, together with a £0.060 million provision for the implementation of single status.

The premises repairs budgets are now projected to overspend by £0.018 million and the forecast includes the following variances:

- An overspend of £0.100 million (1.8% of total £5.6 million budget) for the responsive repairs contract based on an improved forecasting methodology.
- The empty property repair costs overspend has increased by £0.050 million to £0.250 million due to an increase in the average cost of repair per property from £2,300 to £2,600 compared to the last year. These works will be operating through the open book process from December 2008 which will enable officers to work with partners to use transparent information to achieve unit cost reductions.
- An underspend on service contracts of £0.232 million due to continuing with the existing contracts, which have a lower specification than the new contracts, the costs of which have been budgeted for and will be let in 2009/10.
- An underspend of £0.100 million for cyclical decorations as more works were capitalised than anticipated.

A budget virement of £0.140 million has been actioned reducing the 'Premises – Other' and 'Service Charges' variations. The virement has been actioned as reported in the TBM 6 Cabinet report in order to increase the gas contract expenditure budget and associated heating charges to tenants income budget to reflect the contract price increases.

Within Transport & Supplies a reduction in the use of consultants in respect of inspections to gas installation works has resulted in a underspend of £0.140 million which is partly offset by Estate Services vehicle replacement costs of £0.080 million.

The income budget for service charges is projected to overachieve by £0.100 million in respect of leaseholder service charges, due to costs for recharging being greater than anticipated at budget setting.