

<b>Subject:</b>	<b>Targeted Budget Management (TBM) Month 9</b>		
<b>Date of Meeting:</b>	<b>Cabinet 12 February 2009</b>		
<b>Report of:</b>	<b>Interim 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 7455</b>	
<b>Wards Affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****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 December 2008 (month 9).
- 1.2 The council is delivering services within budget and has taken the appropriate measures to manage in-year pressures, including significant unavoidable pressures on the council tax collection fund, energy costs and adult social care budgets. CYPT financial performance is also being managed effectively in a climate of increased national and local focus on children's services and the additional pressure this places on services.
- 1.3 This reflects the council's effective monitoring and control of financial performance and the measures it has taken to ensure better use of public funds, including achieving ambitious efficiency savings of over £5 million and the implementation of council-wide value for money reviews.

**2. RECOMMENDATIONS:****That OSC note the report**

- (1) That the Cabinet note the much improved forecast outturn position for the General Fund, which is now forecasting an underspend of £2.133 million.
- (2) That the Cabinet note the forecast outturns for the Section 75 Partnerships and Housing Revenue Account (HRA) for 2008/09 as at month 9.
- (3) That the Cabinet agree that the net forecast underspend of £1.647 million be added to general reserves to contribute to the Medium Term Financial Strategy and balance out investment income pressures over the next 3 years due to current market conditions.
- (4) That an earmarked reserve be set up for the Housing Revenue Account Estate Development Budget and that balances held for the Estate Development Budget at the 1 April 2008, in the HRA reserves are transferred to this earmarked reserve.

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- (5) That the Cabinet note the forecast outturn position, £0.048 million underspend, on the capital budgets as at month 9.
- (6) That the Cabinet approve the following changes to the capital programme:
- Budget re-profiles (Appendix 4)
  - Budget variations (Appendix 5)
  - Slippage (Appendix 6)

### 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.
- 3.2 The position at month 9 shows that the council is managing within its available resources despite significant in-year pressures relating to the council tax collection fund and Adult Social Care placements. A number of directorate budgets are also under pressure but the forecast position has improved by £1.465 million since month 6, reflecting recovery actions taken to date and overall, directorate budgets are forecasting a slight underspend. The council position continues to be supported by improvements on Centrally Managed Budgets including savings on Insurance Contracts, lower than expected costs of the concessionary fares scheme, and good investment performance on the council's cash balances despite falling interest rates. More detailed explanation of the variances below can be found in Appendix 1.

Forecast Variance Month 6 £'000	Directorate	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
532	Adult Social Care & Housing	42,964	43,504	540	1.3%
165	S75 Learning Disability Services	22,761	23,008	247	1.1%
32	Children & Young People's Trust	52,486	51,240	(1,246)	-2.4%
-	Finance & Resources	16,834	16,757	(77)	-0.5%
(12)	Strategy & Governance	10,857	10,845	(12)	-0.1%
176	Environment	39,289	39,505	216	0.5%
169	Cultural Services	13,445	13,602	157	1.2%
1,062	Sub Total	198,636	198,461	(175)	-0.1%
1,460	Collection Fund	-	1,445	1,445	0.0%
(3,190)	Centrally Managed Budgets	21,488	18,085	(3,403)	-15.8%
(668)	Total Council Controlled Budgets	220,124	217,991	(2,133)	-1.0%
644	NHS Trust managed S75 Services	14,291	14,777	486	3.4%
(24)	Total Overall Position	234,415	232,768	(1,647)	-0.7%

3.3 The Total Council Controlled Budgets line in the above table represents the total current forecast in respect of 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 but where overspending is due to commissioning changes (e.g. increased demand) there may be a shared risk to the council as joint commissioner. The forecast outturn on the HRA is as follows:

Forecast Variance Month 6 £'000	<b>Housing Revenue Account</b>	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(74)	Expenditure	47,082	46,797	(285)	-0.6%
(266)	Income	(46,832)	(46,920)	(88)	-0.2%
(340)	<b>Total</b>	<b>250</b>	<b>(123)</b>	<b>(373)</b>	

#### Corporate Critical Budgets

3.4 Targeted Budget Management (TBM) is based on the principles that effective financial monitoring of all budgets is important. However, there are a small number of budgets with the potential to have a material impact on the council's overall financial position. These are significant budgets where demand or activity is difficult to predict with certainty and where relatively small changes in demand can have significant financial implications for the council's budget strategy. These therefore undergo more frequent, timely and detailed analysis. Set out below is the forecast outturn position on the corporate critical budgets.

Forecast Variance Month 6 £'000	<b>Corporate Critical</b>	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(281)	Child Agency & In House	21,912	20,940	(972)	-4.4%
160	Sustainable Transport	(533)	(349)	184	34.5%
(560)	Housing Benefits	154,396	153,836	(560)	-0.4%
600	Land Charges Income	(957)	(357)	600	62.7%
(1,820)	Concessionary Fares	9,158	7,225	(1,933)	-21.1%
873	Community Care	21,121	21,992	871	4.1%
165	Section 75 Learning Disabilities	22,761	23,008	247	1.1%
1,460	Collection Fund	-	1,445	1,445	0.0%
597	<b>Total Council Controlled</b>	<b>227,858</b>	<b>227,740</b>	<b>(118)</b>	<b>-0.1%</b>
175	S75 NHS & Community Care	14,291	14,777	486	3.4%
772	<b>Total Corporate Criticals</b>	<b>242,149</b>	<b>242,517</b>	<b>368</b>	<b>0.2%</b>

- 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.

### **Efficiency Savings**

- 3.6 The Comprehensive Spending Review 2007 assumes that, nationally, local authorities will deliver 3% cash releasing gains year-on-year. Progress made by authorities will be reported via the new National Indicator NI 179 – ‘Value for Money: total net value of ongoing cash-releasing gains that have impacted since the start of the 2008/09 financial year’.
- 3.7 The national requirement to produce 3% cash releasing gains is reflected in the Medium Term Financial Strategy approved by Cabinet in June. Appendix 3 to this report summarises the efficiency savings agreed as part of the 2008/09 budget process and current progress against their achievement. Variances to the agreed efficiencies are included in the directorate forecasts.

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

- 3.8 The MTFS assumes a breakeven outturn position for 2008/09 on general fund budgets, the current forecast is an underspend of £2.133 million, which will contribute to reserves. A full review of the reserves position is included in the General Fund Budget Report elsewhere on this agenda. However, it should be noted that future levels of investment interest are expected to be significantly reduced and any surplus reserves will be needed to meet this shortfall.

### **Estates Development Budget**

- 3.9 Currently, resources that are approved for Estates Development are held within the total HRA reserves, prior to spending. A new earmarked reserve for EDB (Estates Development Budget) expenditure will improve clarity by separating out the EDB funds available for use. EDB balances as at 1 April 2008 totalled £0.707 million.

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

- 3.10 This part of the report gives Members details of the capital programme budget position for 2008/09.

3.11 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.

3.12 The following table shows the currently approved capital budget.

	2008/09 Budget £'000
Slippage brought forward from 2007/08 approved 12 June 2008	1,407
Capital Investment Programme (approved at Budget Council)	54,799
Changes to the Capital Budget since approval	2,669
<b>Total Capital Budget 2008-09 as at month 9</b>	<b>58,875</b>

3.13 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

3.14 A number of changes are proposed to the capital programme as follows: budget reprofile requests are proposed and summarised in Appendix 4; variation requests to the capital budgets are contained in Appendix 5 and slippage forecasts of over £50,000 are listed in Appendix 6. A summary of the proposed changes are shown in the table below.

Capital Forecast	2008/09 Budget	Budget Reprofiles	Budget Variations	Amended Budget	Forecast Outturn	Slippage Forecast	Forecast Variance
Directorate	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Strategy & Governance	910	(800)		110	110	-	-
Cultural Services	2,079	(336)		1,743	1,623	120	-
Finance & Resources	7,132	(1,103)	278	6,307	6,271	36	-
Adult Social Care & Housing	9,979	(1,422)		8,557	8,557	-	-
Housing Revenue Account (HRA)	14,167	(578)	(943)	12,646	12,561	85	-
Children & Young People's Trust	8,930	43	316	9,289	8,754	521	(14)
Environment	15,678	(1,698)		13,980	13,946	-	(34)
<b>Total Council Budgets</b>	<b>58,875</b>	<b>(5,894)</b>	<b>(349)</b>	<b>52,632</b>	<b>51,822</b>	<b>762</b>	<b>(48)</b>

- 3.15 The HRA forecast includes a transfer of £0.904 million of expenditure and budget from the capital programme to revenue following an analysis of the spend. It is not always possible to identify the appropriate split between capital and revenue expenditure for these projects at budget setting time until the programme is underway during the year, more detail can be found in Appendix 5.

### **Budget Reprofileing**

- 3.16 Delays have been identified in some projects due to factors outside of our control. Appendix 5 provides details of the reasons and asks Members to agree to the re-profileing of the budget, which in most cases will result in the resources being moved from this year's capital programme to the next.

### **Capital Slippage**

- 3.17 Project managers have forecast that £0.762 million of the capital budget may slip into the next financial year. £0.521 million relates to devolved school budgets – budgets over which schools control the timing of the expenditure. The net slippage on the directly controlled budgets therefore amounts to £0.241 million, or 0.46% of the budget.

### **Prudential indicator for capital expenditure**

- 3.18 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.
- 3.19 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.

### **Capital Receipts**

- 3.20 Capital receipts are used to support the capital programme. For 2008/09 the programme is fully funded, however, any changes to the level of receipts during the year will impact on future years' capital programmes. Capital receipts (excluding housing) were estimated to be £2.6m. Currently, £1.8m has been received including the final balance on Royal York Building, the sale of 12 St. Georges Place and the sale of 24 Windlesham Road. This leaves £0.8m of receipts to be achieved during the rest of the financial year. Assets are actively being marketed to achieve the level of receipts budgeted for.

- 3.21 The level of sales of council homes through 'right to buy' has been severely affected by the current market conditions in house prices generally and the higher cost and availability of mortgages in the current economic climate. The Government receive 75% of the proceeds of 'right to buy sales'; the remaining 25% is retained by the council and used to fund the capital programme. Budget Council previously agreed that the first £0.5m of 'right to buy' sales would be used to finance support for major projects with the remainder being available to support investment in housing. The estimated useable receipts for 'right to buy' sales were £1 million for this financial year, however, on current projections this is now forecast to be at £0.18 million for the year. The shortfall of funding for the projected investment in housing is now being met from HRA revenue reserves. The reduction in receipts will impact on the level of investment in future years for corporate funds such as the Strategic Investment Fund, Asset Management Fund and ICT Fund. If there are no other compensating receipts generated and the current trend for 'right to buy' sales continues the capital strategy will need to be reviewed and the consequences of the review will be reported within the Capital Investment Programme report due to Cabinet in February 2009.

### **Comments by the Director of Finance & Resources**

- 3.22 The forecast outturn position on the revenue budget shows a further improvement since month 6. Given the potential pressures next year including equal pay, energy costs and the impact of demographic changes and the economic climate, directorates are required to maintain downward pressure on costs for the remainder of the year.
- 3.23 The full implications of the forecast position on the 2009/10 budget and the Medium Term Financial Strategy are set out in the General Fund Revenue Budget Report to Overview & Scrutiny Committee, Cabinet and Full Council.

## **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.

*Lawyer consulted: Oliver Dixon*

*Date: 19 January 2009*

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

Corporate / Citywide Implications:

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

## **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 The forecast outturn position on council controlled budgets is an underspend of £2.133 million, any underspend will be added to unallocated general reserves unless approval is given to allocate funds to specific reserves or contingencies.

## **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. Progress Against the Achievement of the 2008/09 Efficiency Savings
4. Proposed Capital Budget Reprofile Requests
5. Proposed Capital Budget Variations
6. Proposed Capital Slippage

### **Documents in Members' Rooms**

1. None.

### **Background Documents**

1. None.

## Adult Social Care & Housing

Forecast Variance	2008/09 Budget	Forecast Outturn	Forecast Variance	Forecast Variance
Month 6 £'000	Month 9 £'000	Month 9 £'000	Month 9 £'000	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 &amp; 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 placements<sup>1</sup> of £0.685 million and In-house placements<sup>2</sup> 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.

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

<sup>2</sup> Forecast FTE placements 4 below the budgeted level and with a weekly unit cost that is £22 below budget

## Finance & Resources

Forecast Variance	2008/09 Budget	Forecast Outturn	Forecast Variance	Forecast Variance
Month 6	Month 9	Month 9	Month 9	Month 9
£'000	£'000	£'000	£'000	%
(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 <b>Division</b> 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	2008/09 Budget Month 9	Forecast Outturn Month 9	Forecast Variance Month 9	Forecast Variance Month 9
Division £'000	£'000	£'000	£'000	%
(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 <b>Division</b> 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	2008/09 Budget	Forecast Outturn	Forecast Variance	Forecast Variance
Month 6	Month 9	Month 9	Month 9	Month 9
£'000	£'000	£'000	£'000	%
(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	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	Housing Revenue Account	2008/09 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(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%
<b>(340)</b>	<b>Total</b>	<b>250</b>	<b>(123)</b>	<b>(373)</b>	

## 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.

	Activity Indicator	Unit Cost Indicator	BUDGET			FORECAST			VARIANCE			
			Activity	Unit Cost/ Income £	Budget £	Activity	Unit Cost/ Income £	Actual £	Activity	Unit Cost/ Income £	Variance to Budget £	
<b>Child Agency &amp; In-house Placements</b>												
Disability Agency	Number of children	Cost per week	8.0	1,822	757,900	7.6	2,223	883,400	(0.4)	402	125,500	
Disability Respite	Number of children	Cost per week	n/a	n/a	138,000	n/a	n/a	120,200	n/a	n/a	(17,800)	
Independent Foster Agency (IFA)	Number of children	Cost per week	94.0	890	4,350,600	90.8	872	4,127,400	(3.2)	(18)	(223,200)	
Residential Agency	Number of children	Cost per week	41.0	2,414	5,145,700	34.9	2,454	4,460,800	(6.1)	40	(684,900)	
Secure Accommodation	Number of children	Cost per week	1.5	5,154	402,000	1.8	4,516	412,100	0.3	(637)	10,100	
In-House Placements	Number of children	Cost per week	352.0	305	5,584,600	347.7	284	5,139,600	(4.3)	(22)	(445,000)	
Leaving Care Accommodation	Number of children	Cost per week	25.0	509	661,900	40.2	398	835,000	15.2	(111)	173,100	
Leaving Care Ex Asylum Seekers	Number of children	Cost per week	n/a	n/a	108,800	28.8	132	198,600	na	na	89,800	
Educational Agency (DSG budget)	Number of children	Cost per week	130.0	701	4,736,900	117.0	691	4,215,900	(13.0)	(10)	(521,000)	
												(1,493,400)
<b>Sustainable Transport</b>												
PCN effect of Traffic Management Act	Number of PCNs issued	Average receipt per offence	127,145	(40)	(5,085,800)	131,893	(38)	(5,052,272)	4,748	1.69	33,528	
<b>Land Charges Income</b>												
	Local Authority Searches	Income per search	7,870	(115)	(905,050)	2,770	(115)	(318,550)	(5,100)	0	586,500	
	Personal Searches	Income per search	4,500	(11)	(49,500)	3,500	(11)	(38,500)	(1,000)	0	11,000	
												597,500
<b>Concessionary Fares</b>												
	Number of journeys	Total cost divided by number of journeys	11,000,000	0.98	10,780,000	10,642,857	0.84	8,886,786	(357,143)	-0.15	(1,893,214)	
<b>Collection Fund</b>												
	Band D Equivalents	No. of Band D Equivalents	95,255	(1,190)	(113,388,039)	94,041	(1,190)	(111,942,645)	(1,214)	0.00	1,445,395	
<b>Community Care</b>												
NHScc Older People	No. WTE Clients	Cost per week	1,713	196	17,490,000	1,798	188	17,625,000	86	(8)	135,000	
NHScc Physical Disabilities	No. WTE Clients	Cost per week	379	237	4,682,000	487	213	5,418,000	108	(24)	736,000	
NHScc No Recourse to Public Funds (AMH)	No. WTE Clients	Cost per week	63	146	477,000	93	138	669,000	30	(8)	192,000	
												1,063,000
<b>Section 75 Learning Disabilities</b>												
S75 NHScc Learning Disabilities	No. WTE Clients	Cost per week	589	633	19,442,000	659	568	19,506,000	70	(65)	64,000	
<b>S75 NHS &amp; Community Care Act</b>												
S75 NHScc Adult Mental Health	No. WTE Clients	Cost per week	171	316	2,814,000	279	234	3,415,000	109	(82)	601,000	
S75 NHScc Older People Mental Health	No. WTE Clients	Cost per week	586	254	7,762,000	536	245	6,843,000	(51)	(9)	(919,000)	
S75 NHScc Substance Misuse	No. WTE Clients	Cost per week	4	470	101,000	6	470	140,000	2	0	39,000	
S75 NHScc HIV	No. WTE Clients	Cost per week	28	159	234,000	33	130	222,000	5	(30)	(12,000)	
S75 ICES	Equipment & Adaptations	Various rates for different type of equipment	-	-	654,070	-	-	727,370	0	-	73,300	
												(217,700)

**KEY ACTIVITY DATA SUPPORTING CORPORATE CRITICAL BUDGET FORECASTS**



## PROGRESS AGAINST THE ACHIEVEMENT OF THE 2008/09 EFFICIENCY SAVINGS

	Budget £'000	Forecast £'000	Variance £'000	Explanation
<b>Adult Social Care &amp; Housing</b>				
Adult Social Care	(1,378)	(1,323)	55	Projected shortfall on daycare efficiency savings target
Housing Strategy	(214)	(214)	0	
<b>Sub-Total</b>	<b>(1,592)</b>	<b>(1,537)</b>	<b>55</b>	
<b>CYPT</b>				
East Area, Early Years and NHS comm	(32)	(32)	0	
Central Area and Schools Support	(202)	(202)	0	
Learning & Schools	(71)	(71)	0	
West Area and Youth Support	(2)	(2)	0	
Specialist Services	(164)	(164)	0	
Quality & Performance	(30)	(30)	0	
<b>Sub-Total</b>	<b>(501)</b>	<b>(501)</b>	<b>0</b>	
<b>Finance &amp; Resources</b>				
Finance	(175)	(175)	0	
ICT	(150)	(150)	0	
Customer Services	(460)	(460)	0	
Property & Design	(90)	(65)	25	Delay in the sale of Windlesham Road, a key part of the accomodation rationalisation, has meant the move of staff from Edward House to the refurbished 3rd floor of Kings House has also been delayed. The full year saving will be realised in future years.
<b>Sub-Total</b>	<b>(875)</b>	<b>(850)</b>	<b>25</b>	
<b>Strategy &amp; Governance</b>				
Director	(40)	(40)	0	
Improvement & Organ Devel	(38)	(38)	0	
Legal & Democratic Services	(56)	(56)	0	
Policy Unit	(25)	(25)	0	
Human Resources	(55)	(55)	0	
<b>Sub-Total</b>	<b>(214)</b>	<b>(214)</b>	<b>0</b>	
<b>Environment</b>				
City Services	(400)	(400)	0	
Leisure	(20)	0	20	Ongoing problems in Lesisure, particularly the King Alfred, have made these svings difficult to achieve
Sustainable Transport	(475)	(352)	123	The 5 ex-leased car parks were not brought back in house until September 2009
Public Safety	(30)	(30)	0	
City Planning	(10)	(10)	0	
<b>Sub-Total</b>	<b>(935)</b>	<b>(792)</b>	<b>143</b>	
<b>Cultural Services</b>				
City Marketing	(25)	(25)	0	
Libraries & Information services	(70)	(70)	0	
Royal Pavilion & Museums	(47)	(32)	15	Unachievable energy savings due to increase in gas and electricity contract charges
Arts & Creative Industries	(26)	(26)	0	
Economic Development & Regeneration	(73)	(73)	0	
Major Projects and Venues	(75)	(20)	55	Unachievable energy savings due to increase in gas contract charges
<b>Sub-Total</b>	<b>(316)</b>	<b>(246)</b>	<b>70</b>	

## PROGRESS AGAINST THE ACHIEVEMENT OF THE 2008/09 EFFICIENCY SAVINGS

	Budget £'000	Forecast £'000	Variance £'000	Explanation
<b>Section 75 : Learning Disabilities</b>				
Council Lead Learning Disabilities	(641)	(595)		46 Additional staffing resources to achieve specific FRP targets
<b>Sub-Total</b>	<b>(641)</b>	<b>(595)</b>	<b>46</b>	
<b>Health Led Section 75 arrangements</b>				
<b>SPT</b>				
Older People Mental Health	(176)	(176)		0 Significant pressure this year relates to 07/08 carry forward treatment
Adult Mental Health	(206)	(206)		0 Significant pressure this year relates to 07/08 carry forward treatment
Substance Misuse	(10)	0		10 Not delivered
<b>SDHT</b>				
Intermediate Care	(53)	(53)		0
ICES	(14)	0		14 No efficiency gain
HIV/AIDS	(7)	(21)	(14)	
<b>Sub-Total</b>	<b>(466)</b>	<b>(456)</b>	<b>10</b>	
<b>Total</b>	<b>(5,540)</b>	<b>(5,191)</b>	<b>349</b>	
<b>Housing Revenue Account</b>				
Employees	(308)	(308)		0
Supplies & Services	(93)	(93)		0
Repairs -Responsive/Empty Properties contract.	(1,450)	(1,100)		350 £300 Increase to empty property costs
Repairs - Gas Servicing Contract	(417)	(417)		0
Ground Maintenance	(61)	(61)		0
Reduction in Staff Accommodation charge	(40)			0
		(40)		
Increase in Garage and Car Park Income	(40)	(40)		0
Reduction in transitional protection from Supporting People charges	(40)			0
		(40)		
<b>Total</b>	<b>(2,449)</b>	<b>(2,099)</b>	<b>350</b>	

## Summary of Capital Budget Re-profiles for all Directorates

<b>Schemes</b>	2008/09 Budget £'000	2009/10 Budget £'000	2010/11 Budget £'000	Total Changes £'000
<b>Reprofiles</b>				
Detailed Reprofiles in appendix 4 (over £50,000)	(336)	336		-
<b>Total Cultural Services</b>	<b>(336)</b>	<b>336</b>	-	-
<b>Finance &amp; Resources</b>				
Kensington Street	(19)	19		-
Energy Efficiency	(20)	20		-
Ovingdean Grange Farm	(34)	34		-
Legionella Works	(45)	45		-
Detailed Reprofiles in appendix 4 (over £50,000)	(985)	836	149	-
<b>Total Finance &amp; Resources</b>	<b>(1,103)</b>	<b>954</b>	<b>149</b>	-
<b>Adult Social Care &amp; Housing</b>				
Detailed Reprofiles in appendix 4 (over £50,000)	(1,422)	1,422		-
<b>Total Adult Social Care &amp; Housing</b>	<b>(1,422)</b>	<b>1,422</b>		-
<b>Adult Social Care &amp; Housing (HRA)</b>				
Mechanical & Engineering Work	(30)	30		-
Heating	(15)	15		-
Detailed Reprofiles in appendix 4 (over £50,000)	(533)	533		-
<b>Total</b>	<b>(578)</b>	<b>578</b>		-
<b>Children &amp; Young People's Trust</b>				
Aiming High for disabled children	(46)	46		-
Detailed Reprofiles in appendix 4 (over £50,000)	89	(89)		-
<b>Children &amp; Young People's Trust Total</b>	<b>43</b>	<b>(43)</b>		-
<b>Environment</b>				
Knoll Recreation Ground	(7)	7		-
Detailed Reprofiles in appendix 4 (over £50,000)	(1,691)	1,691		-
<b>Environment Total</b>	<b>(1,698)</b>	<b>1,698</b>		-
<b>Strategy &amp; Governance</b>				
Detailed Reprofiles in appendix 4 (over £50,000)	(800)	800		-
<b>Total Changes to Budgets</b>	<b>(5,894)</b>	<b>5,745</b>	<b>149</b>	-

## Re-profiles of over £50,000 for all Directorates

### Cultural Services

Re-profiling of major projects in total next year of £(469,440) is required across a number of schemes including the King Alfred and Brighton Centre redevelopments. Details are provided below of the main areas of capital spend.

Directorate: Cultural Services	Approved Budget:	£79,610
Project Title: Preston Barracks (Major Projects)	Revised Budget:	£27,860
	Variation:	(£51,750)

The Policy & Resources Committee granted landowner consent to the Preferred Developer scheme in September 2007. Expectation at that time was that an appropriate Development Agreement would be completed in early 2008, something that would have enabled preparation and submission of detailed proposals by mid-2008, leading to submission of a detailed planning application later that year. Whilst good initial progress was made, the declining economic climate necessitated a thorough review of the scheme's financial viability and this resulted in the developer putting forward revised proposals in September 2008. The proposals were assessed and the findings reported to the Project Board on 4 November 2008. The Board agreed to defer a decision to enable continued negotiations with the Preferred Developer, alongside exploration of other options for the redevelopment of the site. A further report to the Project Board is anticipated within the next two months, with a report then proceeding to Cabinet. This extended period, resulting from factors beyond the control of the city council, has had an impact on the timetable and, therefore, the level of specialist financial, legal, and design input needed. This specialist advice will however be required as the project progresses following Member approval in 2009/10.

Directorate: Cultural Services	Approved Budget:	£167,630
Project Title: Open Market (Major Projects)	Revised Budget:	£94,130
	Variation:	(£73,500)

Funding from the 2008/09 Approved Budget has been committed to support costs associated with achieving vacant possession of the site in accordance with Cabinet Member approval gained in 2008. Although agreement between the various parties has been reached, vacant possession is unlikely to be required until 2009/10, at which time funding will be required to complete the transactions.

#### Appendix 4

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Directorate: Cultural Services	Approved Budget:	£202,090
Project Title: King Alfred Development	Revised Budget:	£102,090
(Major Projects)	Variation:	(£100,000)

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Funding from the 2008/09 Approved Budget has been committed to support costs associated with achieving vacant possession of the site in accordance with Cabinet Member approval gained in 2008. Due to current economic conditions and the impact of this on the development, funding will be carried forward to 2009/10.

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Directorate: Cultural Services	Approved Budget:	£268,500
Project Title: Brighton Centre	Revised Budget:	£150,000
Development (Major Projects)	Variation:	(£118,500)

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In June 2007 the SEEDA Executive Board gave their approval to contribute a funding grant of £18.5m towards the Brighton Centre Redevelopment. In cases where a Regional Development Agency funding intervention is between £10m and £20m applications are subject to final approval by the Central Projects Review Group (CPRG), which sits within the Department of Business, Enterprise and Regulatory Reform (BERR). SEEDA presented an Economic Appraisal to the CPRG at the end of October 2007, but in January 2008 CPRG requested additional independent advice from the Industrial Development Advisory Board (IDAB). IDAB is an independent panel of senior commercial, investment banking and industrial figures which regularly advises Ministers on Selective Finance for Investment in England and Launch Aid cases.

SEEDA's report was presented to IDAB on 13 March 2008. Although IDAB fully supported the project in principle, their advice to the Minister was that it should be re-appraised to reduce the level of SEEDA's proposed investment and therefore the Minister did not approve SEEDA's application for funding. This resulted in a series of meetings with SEEDA, Standard Life and CBRE to agree a strategy for unlocking a successful funding arrangement to ensure that the project moved forward to the next stage.

Standard Life have recently issued an OJEU Notice to initiate the procurement process to appoint the professional development team and to undertake a first stage feasibility study and design. The project budget now needs to be profiled in line with the indicative timetable for the next 12-15 months through to March 2010.

## Appendix 4

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Directorate: Cultural Services	Approved Budget:	£167,000
Project Title: New Historical Record	Revised Budget:	£300,000
Office (The keep)	Variation:	£133,000

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On the 3<sup>rd</sup> April 2008 Policy & Resources Committee gave 'in principle' agreement to the proposed development of the Keep in conjunction with East Sussex County Council and the University of Sussex. At that time Brighton & Hoves share of the project development costs (which excludes the capital build costs) was estimated to be £345,000 of which £167,000 would fall in 2008/09. As the project has progressed the profile of expenditure has changed although the projected overall project costs have remained the same. It is now anticipated the costs in 2008/09 will be £300,000. The project budget originally included grant from the Heritage Lottery Fund (HLF) however the bid has been unsuccessful. The project team are working on a options appraisal for delivering the scheme without HLF funding and an update on the project and the options, including the financial implications, will be presented to the Culture Recreation & Tourism Cabinet Member meeting in the near future. The additional £133,000 will be funded by bringing forward part of the capital funding allocated to this scheme from the 2009/10 capital programme.

### Finance & Resources

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Directorate: Finance & Resources	Approved Budget:	£249,000
Project Title: Farming Diversification	Revised Budget:	£ Nil
	Variation:	(£249,000)

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The regularisation of the existing diversification has taken longer than anticipated due partly to a change in personnel at our managing agents. It is our intention to complete this initial task next year.

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Directorate: Finance & Resources	Approved Budget:	£250,000
Project Title: Madeira Lift Refurbishment	Revised Budget:	£125,000
	Variation:	(£125,000)

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Phase 1 of these works (funded from the Planned Maintenance Budget) to make safe the lift roof void and then undertake a full structural inspection is complete. Negotiations between Property & Design, our insurers Zurich and conservation planners to ensure agreement that the historic grade 2 listed lift could be adapted for safe operation to satisfy Zurich delayed the finalisation of the specification for Phase 2, the lift works. Phase 2 has been tendered but only a single tender was received, that is currently being analysed. A waiver of CSOs will be required. Subject to the lift contractor being appointed and their programme being agreed, it is now likely that works will span financial years.

The delays could prevent the lift from opening at Easter as intended. Until a lift contractor is appointed the final programme of works can not be finalised. It may be possible to phase the works either side of Easter, to enable it to open during this period, but this will

be dependant upon our insurers Zurich's requirements to ensure that the lift is safe to be operated.

#### Appendix 4

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Directorate: Finance & Resources	Approved Budget:	£679,510
Project Title: DDA Access Works	Revised Budget:	£619,510
	Variation:	(£60,000)

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Delays to this year's programme have been caused by a variety of factors – awaiting Landlord's consent for proposed changes, agreement from Conservation Planners for alteration works to historic listed buildings, clarification from the council's insurers Zurich regarding the change of use of a goods lift, other alteration works at one site that have delayed access improvement works and the extensive consultation required to ensure value for money and solutions to avoid / remove barriers.

The DDA Access Works is a rolling programme of improvements to meet Council targets. The target for 2008/09 will be met from the reduced spend. The removal of barriers to our services does not always involve spending money on building alterations. Smart management solutions can be implemented at little or no cost to remove barriers. Re-profiled funding will be used to further improve access to services.

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Directorate: Finance & Resources	Approved Budget:	£392,530
Project Title: Woodvale Cemetery Spire	Revised Budget:	£276,530
	Variation:	(£116,000)

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Whilst undertaking the major structural repairs to the spire large volumes of defective stone and flintwork repairs were identified to the cemetery chapels. These were prioritised by an external Structural Engineer and worst areas removed to ensure the building could continue to operate safely. Phase 1 of the remedial works to address only the highest priority urgent repairs was estimated to be around £0.391 million in August. An external Quantity Surveyor was employed to ensure value for money. Phase 1 works progressed and it is currently estimated that £0.116 million will remain unspent in 08/09. This is required to help to fund phase 2 that can not start until the spring to ensure warm weather for the lime mortar repairs required on a historic grade 2 listed structure.

Extensive efforts have been made by Property & Design in consultation with the Client to ensure that the building remains in safe operation throughout phase 1 of the works and essential repairs were completed before the onset of winter weather. The option was provided of leaving the scaffold in place between phases 1 and 2 but due to Health & Safety concerns it was agreed to drop the scaffolding. Property & Design will consult fully with the Client regarding the programme for Phase 2 but it can not commence during cold weather due to the use of lime mortar repairs.

Directorate: Finance & Resources	Approved Budget: £1,025,000
Project Title: Royal Pavilion Partnership	Revised Budget: £725,000
	Variation: (£300,000)

The council is working in partnership with the contractor to deliver this scheme. Delays have been caused to the anticipated completion of Phase 5a within 2007/08 due to the partnership team identifying additional repairs, agreeing repair solutions, etc. It is estimated that £0.280 million of the £0.378 million of Phase 5a will be completed by 31<sup>st</sup> March 2009. The cost of structural repairs to Adelaide Balcony is currently estimated at £0.200 million and works were programmed for 2008/09. There has been a difference of opinion within the partnership's external specialist consultants regarding the best repair solution for the balcony with consideration to the grade 1 listing of the historic building. This is highly specialist, unusual work and needs very careful consideration, planning and specification to ensure value for money.

The partnership has made extensive efforts to avoid disruption to the ongoing opening of the Royal Pavilion. The structural repairs to the Adelaide balcony will prevent its use for functions whilst works are in progress. Further investigation needs to be undertaken of repair systems; the current proposal of carbon-fibre reinforcement is temperature sensitive and if this option is adopted works will be undertaken February 2010.

Directorate: Finance & Resources	Approved Budget: £175,170
Project Title: Replacement FIS	Revised Budget: £40,250
	Variation: (£134,920)

The Authority Financials and Authority Purchasing systems have now been implemented for 2 years. The original capital programme included provision for investment in further development of the systems and other technologies to improve management reporting and generate efficiency savings in transaction services. This included the implementation of "Intelligent Scanning", new reporting technologies and user interfaces, and developing improved interfaces with other systems (e.g. CareFirst). However, these investments could only take place once the primary systems had bedded in and all significant performance issues were resolved with the supplier. This was achieved in the latter half of last year but the long lead-in times for such developments means that the majority of the budget requires reprofiling to 2010/11.

### **Adult Social Care and Housing**

Directorate: Adult Social Care & Housing	Approved Budget: £125,000
Project Title: Craven Vale Conversion Works	Revised Budget: £13,000
	Variation: (£112,000)

This capital project is linked to the refurbishment works at Beech Cottage. These works were only recently completed, which has meant that the homecare team were unable to move to Beech Cottage when originally planned. In addition to this delay there are currently issues with the tender of the proposed conversion works at Craven Vale which will result in the works not commencing until 1<sup>st</sup> April at the earliest.

The delays have meant that the 8 additional beds for short-term care use will not be available as quickly as originally planned. This has reduced the flexibility of options

available to those service users who would benefit from the type of care offered after being discharged from hospital.

#### Appendix 4

Directorate: Adult Social Care & Housing	Approved Budget: £300,000
Project Title: Places for change programme	Revised Budget: £190,000
	Variation: (£110,000)

Palace Place building work is not likely to start now until the spring (April 2009) as we have had to wait for building surveys, mechanical and electrical surveys and a lift feasibility survey following a request from the DCLG that we include installation of a lift to address DDA issues within the refurbishment of Palace Place. In addition, we are waiting on a level three asbestos survey to be carried out to identify the type and whereabouts of the asbestos in the building which will need removing prior to contractors undertaking any building work on site.

First Base: Building work will start in April 2009 whilst planning permission and plans are finalised and decant arrangements are put in place for service provision throughout build period. There is no impact on service users at this point as project completion dates remain on schedule at present.

Directorate: Adult Social Care & Housing	Approved Budget: £760,000
Project Title: Disabled Facilities Grant	Revised Budget: £560,000
	Variation: (£200,000)

Following Housing Cabinet Member approval, Cabinet on 20 November agreed expenditure within Brighton & Hove City Council of £2,776,000 of the 2008/09 Brighton & Hove East Sussex Together (BEST) Housing Renewal Grant allocation in accordance with the Housing Renewal Assistance Policy. Housing Committee also agreed payment of the remaining £2,397,000 of the £5,173,000 Housing Renewal Grant allocation for the BEST programme to the five East Sussex Authorities in accordance with an agreed distribution profile. A further £660,000 is the Government's contribution towards Disabled Facilities Grants or other works under the Regulatory Reform (Housing Assistance) Order 2002.

Expenditure on the disabled facilities grant budget is dependent upon private sector grant applicants arranging for works to be undertaken following assessment and approval. The council has no effective control over the time in which the adaptation works are carried out following grant approval. The 2008/09 Disabled Facilities Grant budget has been fully committed. However, we do not anticipate all of the approved work being completed before year end and it is unlikely that we will receive the information we need to process payments for all grants where work will be completed by year end. For this reason, it is proposed that we re-profile £200,000 from 2008/09 budget into 2009/10.

Directorate: Adult Social Care & Housing	Approved Budget: £1,000,000
Project Title: Housing Enabling (King Alfred Development)	Revised Budget: £ Nil
	Variation: (£1,000,000)

The Housing Enabling (King Alfred Development) will be re-profiled into 2009/10 following the withdrawal of private finance of the scheme.

## Appendix 4

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Directorate: Adult Social Care & Housing (HRA)	Approved Budget:	£838,440
Project Title: Disabled Adaptations	Revised Budget:	£738,440
	Variation:	(£100,000)

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The 2008/09 HRA adaptations capital budget has been fully committed. Commitments include three large scale projects, for which funding has been reserved. Not all of these projects are likely to complete by year end because it has become necessary for properties to be vacated temporarily for all the work to be carried out. Suitable alternative accommodation had to be identified for the families concerned and it was necessary to carry out some adaptation work to another property before it could be used for this. As a result of this we need to re-profile £100k of 2008/09 budget into 2009/10 to account for these works being completed in the coming financial year.

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Directorate: Adult Social Care & Housing (HRA)	Approved Budget:	£219,970
Project Title: Adaptations	Revised Budget:	£159,970
	Variation:	(£60,000)

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The tenant of the property concerned has been reluctant to move temporarily in order for works to progress. The family has young children and work was unable to progress whilst they are in residence due to health and safety concerns. Officers have now successfully re-housed the family temporarily, but the difficulty in doing so has caused significant delay to the project.

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Directorate: Adult Social Care & Housing (HRA)	Approved Budget:	£2,196,350
Project Title: General Refurbishment	Revised Budget:	£1,883,050
	Variation:	(£313,300)

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### **Somerset & Wiltshire Structural Repairs (£283,300)**

This project is now subject to the planning process following the change in specification reported to Cabinet at quarter two. Consultation with leaseholders of Wiltshire House cannot progress, as the nature and scope of the project is entirely dependent on whether planning permission is granted.

Tenders are being sought from constructors, specifying them to price different options in order to commence the work as soon as possible, with mobilisation complete within this financial year, with works scheduled to start early in the 2009/10 financial year.

### **Window Installation £50,000**

Additional Decent Homes work has been identified that the contractors are able to resource and implement in this financial year. This draws forward £50,000 from the approved 2009/10 budget of £150,000.

### **Citywide Door Installation (£80,000)**

Following the statutory Fire Risk Assessments on common ways of blocks of flats, the planned programme for the citywide door replacements was altered to take into account fire risks in blocks, and mitigate those risks by prioritising these works. A change in the programme midway through has slowed the constructor, and delayed approximately 5% of work into 2009/10.

The remaining £1,460,050 of the two year programme is expected to complete within 2009/10

## Appendix 4

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Directorate: Adult Social Care & Housing (HRA)	Approved Budget:	£154,000
Project Title: Housing ICT	Revised Budget:	£94,000
	Variation:	(£60,000)

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At month 4, cabinet approved moving the majority of the Housing ICT budget into 2009/10 to align the ICT spend with the Housing Repairs Procurement Strategy.

The Procurement process for the new long term Repairs Maintenance and Refurbishment Strategic Partnership has taken longer than expected due to its complexity. This has impacted on the ICT strategy, and as a result a further £60,000 is requested to be moved into 2009/10 to assess system requirements in line with the expected contract award in summer 2009.

### Children & Young People Trust

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Directorate: CYPT	Approved Budget:	£334,510
Project Title: Extended services	Revised Budget:	£73,000
	Variation:	(£261,510)

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There are two reasons for the delay in Extended Schools capital. The majority of funding has been committed to a capital project at Queens Park School to enable out of school and holiday provision to be provided on the school site. The feasibility study identified that this would cost £365,000, and the proposal was for the project to span two financial years beginning in January 2009 and finishing by the end of May 2009. However, the recent extreme bad weather has slightly delayed the project so the majority of the work will take place next financial year. The budget for the Queen's Park project was made up of £150,000 from the 2008-9 budget and £215,000 from the 2009-10 budget. This has therefore caused the unavoidable delay in the commencement of the project requiring the carry forward of the funding.

In addition to this, two projects in the central area have been delayed, lighting at Downs Junior has been delayed because of planning problems, this had a budget of £10,000 and although £5,000 of this funding will be used on lighting projects at other schools in this financial year, £5,000 will need to be carried forward. In addition, a project renovating Turner Play base has been delayed due to problems identifying ownership of the building. The budget for this project is £50,000. A feasibility study has now been commissioned and we are now awaiting the outcome. However, the budget for this project work will need to be carried forward, as well as the contingency funding of £52,200.

The Queen's Park project will improve the service to parents and children as there is currently no afterschool or holiday scheme on site, as the current building is unsuitable without the capital works. A need has been demonstrated through consultation and at present those parents are being signposted to other services.

The Turner Playbase does need urgent building work and the provision of childcare services run from the setting is being affected by the current state of the premises, however we have been unable to proceed with the building plan this year without identifying who is responsible for the building. This has been raised with the relevant

Assistant Directors and the Head of Capital Strategy and Development Planning and a feasibility study has been commissioned.

#### Appendix 4

Directorate: CYPT	Approved Budget: £375,000
Project Title: Early Years Capital Grant	Revised Budget: £158,000
	Variation: (£217,000)

There were five main elements to the funding: feasibility studies, grants for improvements to buildings and adaptations for children with disabilities, equipment grants and an extension to Peter Gladwin School to house a playgroup. It is expected that the equipment grant funding will be spent this financial year.

Feasibility studies have taken longer to complete than expected. External surveyors have needed to be used because of the large amount of work involved. In addition, it has been decided to complete as many feasibility studies as possible so that informed decisions can be made about priorities for the future.

Directorate: CYPT	Approved Budget: £216,000
Project Title: Children's Centres	Revised Budget: £20,000
	Variation: (£196,000)

There were three main elements to the funding: buggy parks, planned maintenance and minor adaptations and creating and equipping outside areas. It is now likely that only one of the buggy parks will go ahead following local consultation. Feasibility studies for both the planned maintenance and outside areas have taken longer than expected to complete which has meant that work will not be completed this financial year.

Directorate: CYPT	Approved Budget: £2,749,330
Project Title: Devolved capital	Revised Budget: £3,512,770
	Variation: £763,440

Devolved Formula Capital is a financial resource that is devolved to schools by the Local Authority. Schools have the option to accrue the money for a maximum of 3 years. However, accrued funds are normally retained by the Local Authority. The current projected outturn figures represent the amount schools are anticipated to request by the end of the financial year. Should any school projects run faster than anticipated, funding would have to be made available.

#### Environment

Directorate: Environment	Approved Budget: £75,000
Project Title: Downland Initiative	Revised Budget: £ nil
	Variation: (£75,000)

LDF delayed, which includes proposals for a Green Network (beyond council control?). Downland Initiative delayed due to focus on successfully securing LEADER European funding (beyond council control). Open Spaces Strategy nearing completion (council control). Key farm tenancies expire in 2009 & 2010 providing opportunities to secure strategic Green Networks (beyond council control). BHCC / National Trust / Sussex

Wildlife Trust / South Downs Joint Committee partnership project at Ditchling Beacon has been delayed (beyond council control).

## Appendix 4

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Directorate: Environment	Approved Budget: £2,000,000
Project Title: Ex leased Car Parks	Revised Budget: £1,383,600
	Variation: (£616,400)

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Complex negotiations relating to the ex-leased car parks have delayed the project. The will be re-profiled into 2009/10 and used for refurbishment.

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Directorate: Environment	Approved Budget: £1,000,000
Project Title: Sustainable Transport (King Alfred)	Revised Budget: £ nil
	Variation: (£1,000,000)

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The budget of £1,000,000 relating to sustainable transport connected with the King Alfred development will be re-profiled into 2009/10 following the withdrawal of private finance of the scheme.

### Strategy & Governance

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Directorate: Strategy & Governance	Approved Budget: £910,000
Project Title: Human Resources System	Revised Budget: £110,000
	Variation: (£800,000)

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On 15 January 2009, a report to seek the award of the contract for the provision of an integrated HR/Payroll Management Information System were presented to Cabinet. It is expected that £60,000 legal costs and £50,000 costs incurred in letting the contract will be spent in 2008/09 but due to a delay in appointing the project manager £800,000 of this year's allocation needs to move forward into 2009/10.

## Summary of budget variations for all Directorates

Schemes	2008/09 Funding £'000	2008/09 Budget £'000
<b>Budget Variations within year</b>		
<b>Finance &amp; Resources</b>		
Courier Service Vans funded by unsupported borrowing	(31)	31
Detailed Budget Variations in appendix 5 (over £50,000)	(247)	247
	<b>(278)</b>	<b>278</b>
<b>CYPT</b>		
Detailed Budget Variations in appendix 5 (over £50,000)	(316)	316
	<b>(316)</b>	<b>316</b>
<b>Adult Social Care &amp; Housing (HRA)</b>		
Detailed Budget Variations in appendix 5 (over £50,000)	39	(39)
	<b>39</b>	<b>(39)</b>
<b>Direct Revenue Funding - HRA</b>		
<b>(Please see paragraph 3.15 for explanation)</b>		
Estate Development	324	(324)
Redecoration & repairs	280	(280)
Responsive Repairs	300	(300)
	<b>904</b>	<b>(904)</b>
<b>Total Changes to Budgets</b>	<b>349</b>	<b>(349)</b>

## Budget variations of over £50,000 for all Directorate

### Adult Social Care & Housing (HRA)

Directorate: Adult Social Care & Housing (HRA)	Approved Budget:	£500,000
Project Title: Major Capital Empty Homes	Revised Budget:	£650,000
	Variation:	£150,000

An analysis of the revenue empty property repair works has identified works of a capital nature that have now been transferred to this capital budget. As the revenue empty property repair cost budget is overspending due to an increase in the average cost of repair per property it has not been possible to also transfer the revenue funding. This has therefore resulted in a forecast overspend in this budget. The overspend will be funded from the HRA's unallocated general reserves.

## Appendix 5

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Directorate: Adult Social Care & Housing (HRA)	Approved Budget: £234,000
Project Title: General Refurbishment (Insulation)	Revised Budget: £45,000
	Variation: (£189,000)

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Approximately 1,200 surveys have been undertaken to assess the insulation requirements within the housing stock. The results have indicated that housing stock properties are already equipped with a high standard of insulation, in line with our top quartile SAP rating. Therefore the majority of the budget is not required.

This underspend will be transferred into general reserves, and allocated in the adjusted 2009/10 budget to be approved by Cabinet in April 2009.

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Directorate: Environment	Approved Budget: £70,000
Project Title: Horsdean Travellers Site	Revised Budget: £317,500
	Variation: £247,500

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The Government have agreed additional expenditure and have notified the Council of additional grant income to enable the site to be brought up to modern standards for transit sites.

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Directorate: CYPT	Approved Budget: £221,750
Project Title: NDS Modernisation 2007/08	Revised Budget: £337,750
	Variation: £116,000

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West Hove Infant and Junior Schools have agreed to make contributions to the replacement of their kitchen and dining hall from their allocations. Portslade Community College is also making a contribution of £30,600 to a new toilet block.

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Directorate: CYPT	Approved Budget: £1,840,580
Project Title: NDS Modernisation 2007/08 & Varndean School	Revised Budget: £2,040,580
	Variation: £200,000

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This budget will be enhanced by £62,000 from Section 106 funding and a further £108,000 later in the year. Coombe Road Primary School is making a contribution of £30,000 towards fire safety improvement work.

## Estimated slippage of over £50,000 for all Directorates

### Adult Social Care & Housing (HRA)

Directorate: Adult Social Care & Housing (HRA)	Approved Budget:	£217,500
Project Title: Procurement Strategy	Revised Budget:	£154,000
	Variation:	(£63,500)

Due to its complexity the procurement process for the new long term Repairs, Maintenance and Refurbishment Strategic Partnership for Housing Management has taken longer than expected. The commencement date for the contract remains April 2010, however the contract award will now be in summer 2009 and some procurement costs will therefore fall in 2009/10, rather than 2008/9 as initially planned.

### Cultural Services

Directorate: Cultural Services	Approved Budget:	£112,000
Project Title: Pavilion Security Control	Revised Budget:	£25,000
	Variation:	(£87,000)

The Royal Pavilion Security Control scheme was approved by Cabinet on 20<sup>th</sup> November as part of the TBM report. This has not given enough time to complete the contract within this financial year. There has also been delays in receiving advice in respect of contractual issues

### Children & Young People's Trust

Directorate: CYPT	Approved Budget:	£3,512,770
Project Title: NDS Modernisation 2007/08	Revised Budget:	£2,991,460
	Variation:	(£521,310)

Devolved Formula Capital is a financial resource that is devolved to schools by the Local Authority. Schools have the option to accrue the money for a maximum of 3 years. However, accrued funds are normally retained by the Local Authority. The current projected outturn figures represent the amount schools are anticipated to request by the end of the financial year. Should any school projects run faster than anticipated, funding would have to be made available.