

## Departmental Commentaries

### Revenue Budget Monitoring

#### **Adult Social Care**

Based on expenditure to the end of September, the Department is projecting a balanced position overall. An underspend on operational in-house mainstream services of £600k is matched by an equivalent overspend in management and support services. As reported previously, the in-house home care service has been delivering less service than planned due to recruitment difficulties. This service provides intensive short term support to clients and is a key element in delivering rehabilitation services following discharge from hospital.

Although the Department is currently projecting a balanced position for the community care budget (externally purchased), there are significant service pressures and risks with consequent impacts on services to clients.

The degree of pressure that exists within the community care budget is further evidenced by the growing number of complaints and letters of concern. The anticipated increase in demand for placements during the winter period will place added pressure on the service and may impact on the ability of the Department to maintain financial balance.

The risk share agreement with Health remains in force. The cessation of new social care commitments arising from the agreement (due to financial considerations) will increase concerns within the Health sector.

As the level of delayed transfers of care continues to increase there is an increasing risk that the level of fines will exceed the available grant. Although an overspend in this area has not been identified in the above projections, early analysis suggests that if the current trend continues fines could exceed the grant by up to £400k. This is currently only being flagged as a risk whilst further modelling work is undertaken with Health.

The overspending on management and support is mainly as a result of investment in IT which will enable the department to improve performance and efficiency in the medium term.

The Adult Social Care budget includes corporate savings of £0.7 million plus an internal savings plan of £2.7m; the resources released being directed to Community Care. To date savings of £3.1m have been achieved. The outcome of service reviews may impact on the ability to meet the original target and, should this prove to be the case, the options for alternative savings will be identified to try to produce a balanced position.

The Adult Social Care budget overspent by £995,000 in 2004/05. This overspend will be recovered over a two year period during 2006/07 and 2007/08.

#### **Chief Executive**

The department is forecasting an underspend of £358,000 compared to the previous forecast underspend of £150,000.

The main changes since the previous report are:

- Elections – the dual county council/parliamentary elections held in May will allow for some cost-sharing with the Department for Constitutional Affairs and costs are forecast to be £84,000 less than budget. This is not carried forward by the department.
- Archives & Records - £40,000 of the 'Invest to Improve' project will be spent in 2006/07 but will still allow the council to defer, by 1-2 years, the significant investment required to find additional storage space for its modern records; and ensure the council is better placed to meet Freedom of Information requests.
- Other aggregated net over/underspending, including vacancy control and other miscellaneous items across a number of teams - £84,000.

Although the underspend carried forward has been largely allocated to meet those specific items reported during 2004/05, on a prudent basis, some will be retained to help smooth the implementation of savings targets in the early part of 2006/07 and to mitigate the impact of identified risks not covered by base budgets. This includes contractual service arrangements for H M Coroner as the renewal of a tendered contract has resulted in a price increase equivalent to £48,000 p.a.

- The Arts & Museum Service has been found to include some inbuilt base budget income assumptions (£40,000) that are not sustainable from the current year onwards. Plans are being considered on how to deal with this.

### Children's Services

Apart from the carry forward of the overspend on school rates, Appendix B shows a balanced position, but there has been a net increase in forecast budget pressures on the department of some £120,000 compared to the previous month. £60,000 of this relates to a further increase in school rates due to rateable revaluations and the balance is the net effect of a number of variations.

In summary the current forecast overspends position is

- (a) growing demand and above inflation fee increases on agency placements for both educational special needs and children with disabilities will result in an overspend of some £720,000. This is a decrease of £80,000 compared to last month as the health authority has agreed to fund one expensive placement.
- (b) rising number of court directed mother and baby assessments and court fees for family proceedings – overspend of £140,000
- (c) one-off additional staffing costs for implementing and developing SAP within the department – overspend £60,000
- (d) cost of current policies on student support – overspend of £50,000
- (e) school rates – overspend of £420,000
- (f) school teachers' redundancy – overspend of £270,000
- (g) increased number of pupil free meals – overspend of £75,000
- (h) the number of paid school meals has fallen significantly and the loss of income is expected to lead to an overspend of some £100,000.
- (i) Youth Offending Team – one secure remand placement has now been confirmed by the courts to March 2006 leading to an overspend of £85,000
- (j) Lansdowne Secure Unit – although the unit is currently meeting its income targets the very high level of occupancy is unlikely to continue for the whole of the second half of the year and realistically a shortfall of £60,000 has been projected.

offset by:

- (k) lower than plan demand for places for 3 and 4 year olds in non-maintained settings – saving of £317,000.
- (l) carry forward of school rates to 2006/07 budget (£420,000)
- (m) Departmental recovery plan. Control over filling staff vacancies, restricting supplies and services expenditure to essential items, reducing the scale of planned service improvements including the use of specific grants to fund core services and reduced support for schools in difficulties was expected to achieve savings of £950,000. 55% of this has already been delivered and achievement of the remainder is being actively monitored.

- (n) The overspend of £270,000 on school teacher redundancies has been added to the overall savings target, although recovery of this sum will have to be managed between Personnel and Training and Children's Services Department.

The ongoing effect of the budget pressures is being addressed through the Reconciling Policy and Resources process.

The department's financial position is very difficult and there are a number of potential risks to achieving a balance budget. Pressures on demand led budgets such as agency placements are difficult to manage in the short term. The Lansdowne Secure Unit is vulnerable to an even larger downturn in demand from other local authorities than allowed above. The recovery plan depends partly on there being sufficient staff turnover in appropriate areas.

The Children and Families budget transferred from the former Social Services Department overspent by £679,000 in 2004/05. £279,000 of this overspend has to be recovered during 2005/06 which has been taken into account in the above figures. The balance is to be repaid over the following two financial years.

### **Corporate Resources**

- Currently there is a underspend of £28,000 expected against the Corporate Resources Directorate budget of £10.8m. This reflects some significant overspend pressures (e.g. £66,000 on the costs associated with managing travellers' sites) offset by miscellaneous underspends and savings elsewhere.

### **Transport and Environment**

There are no overall variations forecast to the end of the financial year. Minor variations are however evident between headings and these are being managed within the total resources available.

Action has been taken to secure sufficient off-setting savings to fund the increased costs in street lighting energy (£220,000 in 2005/06) that were reported last month.

An additional pressure on the departments budget has arisen from exposure to claims under Section 56 of the Highways Act 1980 which gives the power to any organisation or individual to require the County Council to 'make good' any highway (including Public Rights of Way) which is considered to be in disrepair. To date this year legal action and the threat of legal action has resulted in additional maintenance costs to the Rights of Way network of some £100,000. The sum has been funded from sums brought forward from last financial year.

### **Treasury Management, etc.**

A net zero underspend is reported with any actual underspend emerging being set aside for the capital reserve in the usual way.

### **Revenue Monitoring: Other Risks**

#### **Treasury Management: Provision for Bad Debts**

Until the end of each year it is difficult to predict what the final structure of outstanding debt will be. As small movements in the level of debt can lead to large budget variations in the provision for bad debts, this budget is one at risk of varying significantly from the original budget. Officers are currently reviewing our debt recovery procedures, which will involve the earlier identification and writing off of irrecoverable debt. As debt is written off against the department which raised the account, this will mean that the action being taken on debt recovery may impact on departmental budgets. Any such impact will be offset by reducing the amount of bad debt provision that has to be made at the end of the financial year.

### **Annual Efficiency Statement (see Appendix C)**

#### **Adult Social Care**

Based on expenditure to the end of September, the Department is projecting an over achievement of the cashable efficiency gains target by £7,000. Full year savings resulting from

the transfer of home care provision from the directly provided service to the independent sector are projected to be £100,000 higher than the AES target. There is also an additional non-cashable saving of £704,000, based on the full year effect of work in 2004/05 to increase the number of intensive homecare cases, avoiding more expensive residential care.

### **Chief Executive's**

All the cashable savings that are the responsibility of the department are expected to be achieved. Absence Management monitoring for the first three months of the year indicates that the non-cashable target of £209,000 is unlikely to be achieved as 11% more absences have been recorded this year than last year. The increase has occurred in Children's Services and Adult Social Care; other departments have reduced absence. This position will be raised with the Absence Management Project Board in October and departments will be requested to identify specific actions to achieve the annual target. The planned efficiencies of £30,000 in spending on recruitment and advertising costs will be reviewed following the conclusion of a recruitment and selection review (due to report at the end of the calendar year).

### **Children's Services**

The proposed 2005/06 efficiency gains are expected to be achieved except for forecast £21,000 savings in the Finance Team arising from SAP. The timescale for these efficiency savings is proving to be longer than originally anticipated and therefore the proposed reinvestment of the resources to strengthen financial support to schools has been deferred.

### **Corporate Resources**

Most of the efficiency savings in the annual statement that are the responsibility of Corporate Resources will be achieved. There are two exceptions to this:

- The reduction in the audit fee is likely to be only £16,000 this year (£42,000 lower than shown in the AES). The saving in 2004/05 was larger than originally expected, leading to a reduction in the likely saving that can be achieved in 2005/06.
- The saving associated with the delivery service (£25,000) is unlikely to be achieved this year. However, the service is likely to be tendered for in the next 6 months and so this saving is likely to be delivered in 2006/07.

Corporate Resources will also deliver an additional savings of:

- £60,000 this year as the telephony charges with British Telecom have been renegotiated leading to a reduction in both landline rentals and call charges.
- £100,000 capital programme savings from the framework consultants costs. The method of consultant selection has changed to a best value assessment, and this should save £100,000 in 2005/06, and £200,000 per annum thereafter.

### **Transport & Environment**

Compared to the total efficiency savings target of £581,000, it is expected that all except £50,000 will be achieved this financial year. Of this total £40,000 was dependent on capital investment to re-site a leachate pump at Scullwood Landfill site, avoiding the need for major investment in road maintenance at the access to the existing pump. The capital investment was not secured. The other £10,000 was in respect of a staffing saving which has been delayed to next financial year.

### **Capital Programme Monitoring**

#### **Adult Social Care**

The Department's gross programme is £2.7m in this financial year, and £2.2m is forecast to be spent. Of this sum, £0.5m is funded by way of scheme specific resources. No further slippage has been identified, beyond the £486,000 shown in the last monitoring report.

## Chief Executive

The planned temporary mortuary will not proceed during 2005/06. There is some doubt that the planned scheme will proceed during 2006/07 but the position will be confirmed as part of the October monitoring.

It is expected that expenditure on the PSA Right of Way will slip a further £15,000 to £45,000 due to the timing of payment of grants to organisations.

## Children's Services

The department has a gross capital programme allocation totalling £33m including slippage from last year, approved variations and Children's and Families schemes transferred from the former Social Services programme (£1.8m). Included within this figure is £7.3m for schools devolved formula capital.

Slippage of some £7m has been identified on the following schemes:

- The fire at Tideway School has meant that the planned project needs to be redefined to include the reinstatement work and has led to slippage of £1.4m.
- The Children's Centres schemes have slipped by £1.7m in total. This is because initial estimates for some of the schemes indicated that they would cost more than the funding available. The need to ensure that they are within budget, combined with delays in DfES approval, has meant that some of the schemes are still to be finalised. A condition of the Sure Start element of the funding for the children's centres schemes is that it is spent by 31 March 2006. The project at Hastings and St Leonard's will not meet this condition and Sure Start have been asked for an extension to the deadline. Approval for the project has not yet been granted and it is hoped that the extension to the deadline will be given at the same time as the approval. If an extension is not granted the project will not go ahead.
- The new primary school at Wivelsfield is still planned to be completed on time, however the budget profile does not reflect the likely progress of the scheme. This means there could be slippage of £0.8m.
- St Michael's, Withyham has slipped by £0.6m. New consultants have been appointed to this scheme because the original consultants could not make the scheme come within budget. There have also been delays in planning permission. The additional costs of the scheme are being met by contributions from the school.
- Issues over the scheme at tender cost at Peacehaven Community School have led to a reconsideration of the project. Consequently scheme slippage of £0.1m is now expected.
- The schemes at Grove Park and Peasmarsh are both slipping by £0.2m.
- Schools have up to three years to spend their annual devolved formula capital allocations but they have to planned to fully utilise the 2005/06 grant in this financial year. However based on experience of previous years there is likely to be slippage in schools' proposed spending plans and this could be in the order of £1.0m.
- The Children's Residential Accommodation Strategy scheme is expected to slip by £0.7m. The acquisition of alternative suitable accommodation on the open market has proven difficult and led to the Old Roar Reprovison project slipping by £0.5m. The specialist nature of the project at Dorset Road has led to the design development and client consultation taking longer than anticipated and this scheme has slipped by £0.2m. There have also been some delays in the planning and tendering process associated with the projects at Rose Cottage and Homefield Cottages however this work is still scheduled for completion in this financial year.

Small amounts of slippage have also been identified on eight other schemes, and a few are spending earlier than expected.

## Appendix A

Some projects are estimated to overspend. The largest overspends are on the following schemes:

- The scheme at The Lindfield has been completed and is showing an overspend of £0.3m which is being investigated.
- Temporary accommodation is expected to overspend by £0.6m, £0.4m of which is due to the temporary classrooms at the Peacehaven Community School.

The overspends are being met temporarily from the slippage on the Tideway School scheme which will be reinstated from the 2006/07 modernisation funding.

Overall the variance for childrens and schools delegated capital shown in Appendix D £5.4m is the net effect of in year over and underspends, slippage and some projects progressing more quickly than planned.

### **Corporate Resources**

Corporate Resources Department has a gross budget of £5.8 million, of which £0.3m is funded from scheme specific resources. The key slippage within the CRD programme relates to the CBOSS (£1.3m) and represents the revised programme for schools and the clearance of some outstanding snags in 2006/07.

### **Transport and Environment**

The department has a gross capital programme of some £19.5m after allowing for adjustments relating to 2004/05. The estimated outturn is currently forecast to be some £17m; slippage of £2.5 million. The most significant variations are in respect of timing and value of land compensation payments (£1.4m); investments to support improved delivery of highway services (depot facilities and associated ICT) £0.9m; and rephrasing of early design and studies in respect of Bexhill Hastings link road £0.9m. This is offset by increased spend on Local Safety Schemes £0.2m and Integrated Transport £0.6m which is funded by external contributions.