

Departmental Commentaries

Revenue Budget Monitoring

Adult Social Care

Based on expenditure to the end of October, the Department is projecting a balanced position overall. An under spend on operational in-house mainstream services of £700k is matched by an equivalent overspend in management and support services.

In house residential, daycare and homecare services are delivering less service than planned.

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. Some of these pressures will continue into 2006/7 and future years and are being addressed as part of Reconciling Policy and Resources.

Although the Department is currently projecting an on-line position for the community care budget (externally purchased), there are significant service pressures. The current level of available funding means that, in the main, only critical cases are being funded. The potential impact of this trend is deterioration in the condition of some clients resulting in the requirement for greater levels of service in the longer term.

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. However, 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 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.

Support Services budgets have been disaggregated between Children's Services and Adult Social Care and the support services transfers will be made when the new staff structures take effect.

Chief Executive

The department is forecasting an underspend of £328,000, there being a small decrease in the previously reported figure of £358,000. The changes since last month include; increasing energy costs in Libraries, including a backlog of £20,000 relating to earlier years; an increase in the forecast outturn of the Communications team of £12,000; and small changes to the position on various other budgets. Within the total, the underspend forecast against the elections budget (£84,000) is not carried forward for use by this department.

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 the previously reported increase in costs following the renewal of a tendered contract for H M Coroner; and inbuilt base budget income assumptions (£40,000) that are not sustainable from the current year onwards for the Arts & Museum Service that transferred to this department.

Children's Services

Apart from the carry forward of an overspend on school rates Appendix B shows a balanced position. There has been a reduction in forecast budget pressures on the department of some £220,000 compared to the previous month mainly through a reduction in average number of sessions claimed for nursery places claimed for 3 and 4 year olds. 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 £680,000.
- (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 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 £470,000.
- (l) carry forward of school rates to 2006/07 budget (£420,000)
- (m) Departmental recovery plan to achieve balance of saving (£1,050,000). A range of actions are in place including 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. 50% of this target savings has already been delivered and achievement of the remainder is being actively managed.

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 balanced budget. Pressures on 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

There are numerous miscellaneous pressures (e.g. travellers' sites, energy costs). These are being offset elsewhere and a break-even position is forecast for the year.

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.

The department continues to maintain subsidised bus routes by maximising grants from the Department for Transport. Some of these grants for rural bus routes are due to end during this financial year and ways of maximising our bus subsidy grants from the Department for Transport are being explored.

Both the County Council and Brighton and Hove City Council are being advised to move to adopt the Waste Local Plan (WLP). The WLP provides the policy context for assessing a number of key and contentious proposals that are currently the subject of planning applications - Waste Water Treatment Works at Peacehaven, Waste Transfer Station and Household Waste Recycling Site at Maresfield, Composting Facility at Whitesmith and Energy Recovery Facility at Newhaven. Additional work associated with determining these applications will be contained within existing budgets subject to any additional costs which may be incurred due to the appeal from Southern Water.

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. However 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 October, the Department is projecting an over achievement of the cashable efficiency gains target by £7,000. 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

The department is expecting to achieve all of the cashable savings., with the exception of planned corporate efficiencies of £30,000 in spending on recruitment and advertising costs. These will be assessed following the conclusion of a recruitment and selection review commissioned by Personnel and Training (which is expected to report to COMT in January) but are likely to be deferred until 2006/07. However, as previously reported, the Absence

Management non-cashable target of £209,000 for the whole Authority looks unlikely to be achieved. Although the second quarter is showing that the overall level of absence for all departments has fallen since quarter one, it has not fallen to a level that will compensate for the quarter one increase reported in Children's Services and Adult Social Care. The Attendance Management Steering Group continues to monitor the position on a regular basis, by department, and to ensure that the new Policy is being consistently applied.

Children's Services

The total efficiency gains expected for 2005/06 are expected to be some £10,000 over the target. Savings on central SLAs are forecast to be £31,000 more than expected but are offset by a delay in achieving the £21,000 savings in the Finance Team arising from SAP. The timescale for this expected efficiency savings is proving to be longer than 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. However 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 £479,000, it is expected that all except £13,000 will be achieved this financial year. The most significant variances relate to re-siting a leachate pump at Scullwood Landfill site, avoiding the need for major investment in road maintenance at the access to the existing pump, this saving was £8,000 less than anticipated.

Capital Programme Monitoring

Adult Social Care

The Department is forecast to spend £2.2m in this financial year. This is in line with the revised programme set as part of the mid-term review.

Chief Executive

Spend is broadly in line with the revised programme of £1.1m, with the PSA rights of way scheme spending slightly ahead of schedule.

Children's Services

The department has a revised gross capital programme allocation totalling £26.5m including Children's and Families schemes transferred from the former Social Services programme (£1.3m). Included within this figure is £6.2m for schools devolved formula capital.

Additional slippage of some £0.2m has been identified on the Children's Residential Accommodation Strategy scheme. The acquisition of alternative suitable accommodation on

the open market has proven difficult and led to the Old Roar re-provision project slipping by another £0.2m.

Further minor slippage has also been identified on four other schemes, and three are spending earlier than expected.

This is offset by minor overspends which will be managed through the use of 2006/07 modernisation funding.

Overall the variance for Children's and schools delegated capital shown in Appendix D 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 revised gross programme of £4.9m. Currently all budgets are spending in line with the revised programme.

Transport and Environment

The department's original gross capital programme was £19.5m after allowing for variations and adjustments relating to 2004/05. Following the mid term review this has been amended to £16.7m allowing for slippage of £2.8m.

The estimated outturn is currently forecast to be some £17.3m, representing spending ahead of the mid term review by £0.6m. The most significant variations are in respect of investments to support improved delivery of highway services (depot facilities and associated ICT) £0.6m; Integrated Transport £0.1m which is offset by lower than anticipated outstanding payments on completed schemes of £0.1m.