

Report to: **Cabinet**

Date: **18 December 2007**

By: **Deputy Chief Executive & Director of Corporate Resources**

Title of report: **Budget Monitoring 2007/08**

Purpose of report: **To provide an update on the 2007/08 budget monitoring position at the end of October 2007.**

RECOMMENDATIONS

The Cabinet is recommended to note the latest monitoring position on the revenue, capital budgets, and that the underspend on Home to School transport is subject to further work.

1. Financial Appraisal

- 1.1 To update Cabinet on the overall financial position of the authority at the end of October 2007. This report provides Cabinet with more comprehensive financial management information, containing the latest information on revenue and capital spending, risks and pressures, and action being taken to manage budgets. Information is also provided on the overall monitoring position, and Balance Sheet management.
- 1.2 Chief Officers will, of course, continue to monitor their budgets on a monthly basis and report to me accordingly, and I will, if necessary, report to Cabinet at any time of the financial year if circumstances necessitate this.

2. Overall Monitoring Position - Summary

Description	Projected Outturn Variance		Movement £000
	Last report £000	This report £000	
Revenue (see Para 3 below)	1,653	5,788	4,135
Capital (see Para 5 below)	0	3,029	3,029

Note: X = Underspend; (X) = Overspent

3. Revenue Budget

- 3.1 There has been a significant increase in the overall underspend. Appendix A sets out the overall position with more detailed departmental information contained in Appendix B. This is the third projected outturn report to Cabinet in the current financial year.
- 3.2 At this stage Chief Executive's, Children Services, Transport & Environment, and CRD are projecting underspends. The most significant underspends are £703,000 within the schools budget on school rate revaluations, and £766,000 on Home to School hired transport within CSA budget. Adult Social Care is predicting a small overspend.
- 3.3 **Money Market and Interest Earnings:** A revised estimate for Treasury Management has been prepared which indicates an underspend of about £2.8m. The increase in the base rate, and higher than expected cash balances have generated additional income when compared with the planned target. This is after the usual transfer to the Capital Programme Reserve and the current volatility of the market makes significant continuing changes most likely.

4. Savings including Annual Efficiency Statement (AES)

- 4.1 Appendix C sets out the savings for 2007/08. This now includes all savings required as part of the 2007/08 budget (i.e. AES and other). Although there is a slight under-achievement of the cashable and non-AES savings target reported at this stage, this will be regularly reviewed and updates will be given in the next budget monitoring report to Cabinet.

5. Capital Programme

- 5.1 Appendix D sets out the overall position, this is compared with projects which have a full approval to start (i.e. a project initiation document (PID) has been approved). The individual schemes listed are those where there are significant variations or those of particularly high profile. The departmental financial analysis also includes details of the original and revised programmes, outturn and an analysis of the year end variation.
- 5.2 The current forecast is a £3.0m underspend against the 2007/08 Programme at mid term review for PID approved projects. The mid term review was approved by Cabinet this month, so changes so soon after will need careful explanation. The variation is made up of the net effect of £3.4m slippage (£2.5m of which is on the Agewell land purchase), a forecast overspend of £0.1m and £0.3m spending in advance. Departments now profile the expected payment streams by month. This shows that actual and committed expenditure at October is £31.0m, significantly lower than profiled forecast to date of £39m. Further work is underway to investigate the reasons behind this.
- 5.3 However, the actual expenditure, although higher than in previous years, has not increased enough to date to make up the gap between actual and forecast outturn. Should current trends remain the gap will not be closed and the programme would end more than £5.0m short of target.

6. Balance Sheet Management

- 6.1 It is important that key items in the Balance Sheet, such as debtors, balances and provisions are monitored. The table below shows the Council' debtors and how the level of debtors has moved over the past 7 months.

	2006/07		2007/08	
	31/03/2007	%	31/10/2007	%
	£000		£000	
Total debtors outstanding	8,155		12,587	
Over 7 months	504	6.18	641	5.09
PCT debt - <i>note 1</i>	2,993		826	
Provision for bad debts	308		380	

Note 1: 2006/07 is ASC only; 2007/08 PCT debt covers all services.

- 6.2 Majority of the increases in total debtors are due to increased PCT debt, and for this there is a special debt recovery procedure in place which includes a clear escalation process to ensure that all PCT debt is settled promptly.

7. Conclusion and Reason for Recommendation

- 7.1 As set out above, Cabinet is asked to note the latest monitoring position on revenue and capital budgets for 2007/08. The level of under spending on revenue has increased and the home to school transport issue is subject to further work.

SEAN NOLAN, DEPUTY CHIEF EXECUTIVE & DIRECTOR OF CORPORATE RESOURCES
Contact Officer: Ola Owolabi Tel No. 01273 482017

Revenue Budget Monitoring October 2007	Original Estimate +Approved Transfers	Projected Outturn	Variations to Outturn	Not Carried Forward	Carried Forward
	£000	£000	£000	£000	£000
Net Expenditure					
Adult Social Care	124,256	124,339	(83)	-	(83)
Chief Executive	18,267	17,917	350	-	350
Children's Services					
- Children's Services Authority	76,680	75,482	1,198	-	1,198
- Schools Budget	-	(1,359)	1,359	-	1,359
Corporate Resources	11,407	11,299	108	71	37
Transport & Environment	36,791	36,664	127	-	127
Waste Management	13,823	13,823	-	-	-
Departmental Total	281,224	278,165	3,059	71	2,988
Reversal of capital charges, levies, LABGI	-	(222)	222	222	-
Treasury Management, etc.	15,989	13,189	2,800	-	2,800
TOTAL FOR YEAR c/d	297,213	291,132	6,081	293	5,788

TOTAL FOR YEAR b/d	297,213	291,132	6,081
Underspend on TM to fund 07/08 1 offs	(2,700)	(2,700)	-
Further underspend c/f to next year	-	5,788	(5,788)
Total Net Expenditure	294,513	294,220	293
Transfers to / (from) Balances	-	293	(293)
NET BUDGET REQUIREMENT	294,513	294,513	-
Financed From			
Revenue Support Grant	11,720	11,720	-
Non-Domestic Rates	69,835	69,835	-
Council Tax	213,230	213,230	-
Adjustments for earlier years	(272)	(272)	-
	294,513	294,513	-

Changes since last report to Cabinet	Variations to Outturn	Not Carried Forward	Carried Forward
	£000	£000	£000
Previous report totals brought forward	1,912	259	1,653
Adult Social Care	4	-	4
Chief Executive	190	-	190
Children's Services	1,801	-	1,801
Corporate Resources	9	34	(25)
Transport & Environment	264	-	264
Treasury Management, Levies, etc.	1,901	-	1,901
This report totals carried forward	6,081	293	5,788

Balances	Planned	Projected	Variation
	£000	£000	£000
Opening	6,629	6,629	-
Added / (withdrawn) during the year	-	293	293
Closing	6,629	6,922	293

Monitoring of Balance at 31 March 2008	
	£000
Net expenditure estimate	294,513
Target balance (2.25% of net expenditure)	6,627
Projected balance (table above)	6,922
Percentage of net expenditure	2.35

Adult Social Care: Revenue Budget Analysis and Commentary

1 Financial Analysis

	Original Budget and Agreed Transfers			Latest Outturn Prediction			Variation		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Older People	96,718	(33,756)	62,962	98,463	(35,211)	63,252	(1,745)	1,455	(290)
Physical Disabilities	16,916	(4,368)	12,548	17,016	(4,516)	12,500	(100)	148	48
Learning Disabilities	49,747	(22,923)	26,824	49,553	(22,894)	26,659	194	(29)	165
Mental Health	16,692	(8,520)	8,172	16,770	(8,599)	8,171	(78)	79	1
Other Adults	5,978	(4,607)	1,371	6,024	(4,618)	1,406	(46)	11	(35)
Asylum	-	-	-	6	(6)	-	(6)	6	-
Management and Support	15,310	(3,385)	11,925	15,105	(3,222)	11,883	205	(163)	42
Service Strategy	461	(7)	454	475	(7)	468	(14)	-	(14)
Total	201,822	(77,566)	124,256	203,412	(79,073)	124,339	(1,590)	1,507	(83)

2 Cost Drivers and Unit Costs / Key Indicators

Key Indicators	2006/07 Outturn	2007/08 Estimate	Projection to March 2008	Comments																				
Reimbursements relating to Delayed Transfers of Care (DTC)	£1.100m	£1.147m	£1.147m	At this stage of the year it is planned to use unallocated DTC funding to support developments that improve performance.																				
Users pending transfer (DTC) D41	2006/07 Actual 50	2007/08 Target 25	As at Oct 2007 34	The 4 weeks of October show the breakdown of DTC between ASC and Non ASC responsibility as follows: <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th>ASC</th> <th>Non ASC</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Week 1</td> <td>8</td> <td>44</td> <td>52</td> </tr> <tr> <td>Week 2</td> <td>8</td> <td>40</td> <td>48</td> </tr> <tr> <td>Week 3</td> <td>4</td> <td>33</td> <td>37</td> </tr> <tr> <td>Week 4</td> <td>2</td> <td>31</td> <td>33</td> </tr> </tbody> </table>		ASC	Non ASC	Total	Week 1	8	44	52	Week 2	8	40	48	Week 3	4	33	37	Week 4	2	31	33
	ASC	Non ASC	Total																					
Week 1	8	44	52																					
Week 2	8	40	48																					
Week 3	4	33	37																					
Week 4	2	31	33																					
BVPI53/PAFC28 – Intensive Home Care: households per	6.0	6.4	9.42	Current performance is above the target for the year, although performance is starting from a very low base compared to others.																				

Adult Social Care: Revenue Budget Analysis and Commentary

1,000 population aged 65 or over D55 – Acceptable waiting times for assessments	62.9%	80.1%	71.31%	Progress continues to be made, month by month, towards a stretched target for the year, again from a low base compared to others.
BVPI196/PAFD56 – Acceptable waiting time for care packages less than 4 weeks	79%	>80%	84.33%	The performance continues to be above the target 80%.
C51 – number of adults receiving direct payments per 100,000 of population (weighted)	60.9	81.3	79.1	Good progress against the 2007/08 target is being made with 339 Direct Payments users aged 18+ at the end of October.

3 Summary of 2007/08 position

The financial position at the end of October 2007 shows an overall projected outturn for Adult Social Care of £83,000 overspent, compared to an overspend of £87,000 at the end of August 2007. Whilst the department continues to strive towards achieving service delivery improvements to meet key performance indicator targets, as demonstrated in section 2 above, there remain a number of service areas where the financial pressure could lead to a potential overspend position at the end of the financial year. The department continues to work to ensure that all budget pressures, where possible, are managed within the overall level of resources available and that the level of projected overspend at the end of the financial year is minimised.

4 Detailed comments on 2007/08 outturn projection

Older People

The projected overspend on Older People's Services is £290,000 (£231,000 overspend at the end of August 2007), comprises an underspend of £155,000 on Directly Provided Services and an overspend of £445,000 on Independent Sector Care. The overspend on Independent Sector Care reflects the continuing pressure to meet rising demand within the increasing population of older people within the county.

Older People's Services includes delayed discharges as follows:

Delayed Discharge

At this stage the delayed discharges budget is projected to break-even, based on an assessment of the level of fines payable and the potential use of the grant to deliver service improvements.

Adult Social Care: Revenue Budget Analysis and Commentary

The grant for delayed discharge this year is £1.147m. The projected level of fines payable is significantly lower than in previous years at £365,000, based on an average of 10 fines payable per day. An allocation of £304,000 has already been made to support staffing costs of ongoing initiatives, whilst the remaining balance of £478,000 has been allocated for further service developments to support the reduction in the level of fines payable.

Learning Disabilities

The projected underspend of £165,000 (£251,000 underspend at the end of August 2007) consists an overspend of £16,000 on the provision of Independent Sector Care and an underspend of £181,000 within Directly Provided Services, which is primarily due to the level of staff vacancies currently being experienced within all parts of the service.

Transactions with Primary Care Trusts

In the course of its business, the Department has a close financial relationship with Primary Care Trusts (PCTs), to which it makes charges for pooled budgets (as shown below), grants and other items. The progress made in 2006/07 in recovering debt from PCTs continues, such that the level of debt outstanding at 1 November 2007 was £826,000 (£978,000 at 29 August 2007), of which £461,000 (56%) was due within 30 days.

Pooled Budgets

There are currently four pooled budgets within Adult Social Care, as summarised below. This table shows that currently there is no projected overspend for the County Council in 2007/08.

	2007/08 Budget			2007/08 Projected Outturn			2007/08 ESCC Liability	2007/08 PCTs' Liability
	ESCC	PCTs	Total	ESCC	PCTs	Total	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Learning Disabilities	23,470	11,506	34,976	23,470	11,506	34,976	-	-
Integrated Community Equipment Service	1,284	1,284	2,568	1,284	1,284	2,568	-	-
Community Collaborative Rehabilitation Team*	-	-	-	-	-	-	-	-
Care for the Carers	258	238	496	258	238	496	-	-
Total	25,012	13,028	38,040	25,012	13,028	38,040	-	-

* Awaiting confirmation from Hastings and Rother PCT (as host authority) of the pooled budget for 2007/08

Chief Executive's: Revenue Budget Analysis and Commentary

Chief Executive's Department

1 Financial Analysis

	Original Budget and Agreed Transfers			Latest Outturn Prediction			Variation		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Policy and Communications	7,141	(2,643)	4,498	7,022	(2,643)	4,379	119	-	119
Libraries and Culture	8,678	(1,260)	7,418	8,647	(1,173)	7,474	31	(87)	(56)
Law and Personnel	16,790	(10,439)	6,351	16,557	(10,493)	6,064	233	54	287
Total	32,609	(14,342)	18,267	32,226	(14,309)	17,917	383	(33)	350

2 Cost Drivers and Unit Costs / Key Indicators

Active Cases	2006/07	2007/08 Estimate	Actual	Comments
Number of items added to library stock	84,288		49583	The spend on library stock items is expected to come in on budget

3 Departmental Commentary

Chief Executive's Department

The budget is forecast to underspend by £350,000 this is £190,000 more that reported previously. This is principally as a result of a carry forward in the PSA Reward grant in Community Safety £100,000, toxicology and post mortem costs are lower than in previous years £45,000, and vacancies and other miscellaneous reductions in expenditure £45,000.

The Library Service continues to experience falling income due to the declining market in video hire.

Children's Department: Revenue Budget Analysis and Commentary

Children's Department

1 Financial Analysis

	Original Budget and Agreed Transfers			Latest Outturn Prediction			Variation		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children and Families	62,919	(15,224)	47,695	62,162	(15,224)	46,938	757	0	757
Learning and School Effectiveness	78,716	(47,985)	30,731	77,894	(47,985)	29,909	822	0	822
Resources	53,059	(54,805)	(1,746)	52,942	(55,666)	(2,724)	117	861	978
Schools Delegated Budgets	224,912	(224,912)	-	224,051	(224,051)	-	861	(861)	-
Total	419,606	(342,926)	76,680	417,049	(342,926)	74,123	2,557	0	2,557

Children's Department: Revenue Budget Analysis and Commentary

2 Cost Drivers and Unit Costs / Key Indicators

Active Cases	2006/07	2007/08 Estimate	Actual average for year to date	Comments
Education Agency Placements per annum	195	195	182	The cost per agency place can vary substantial and while the total number is slightly above the estimated figure costs are still expected to be within budget.
Education Recoupment Numbers per annum	105	105	108	Cost per recoupment can vary substantial and the reduction in numbers is not currently expected to result in an underspend.
Mainstream Social Care Agency Placements – weekly	46	46	44	Cost per agency place can vary substantial and therefore changes in numbers may not impact costs.
Disability Agency Placements – weekly numbers	47	47	45	The cost per agency place can vary substantial and therefore changes in numbers may not lead impact costs.
Fostering Carers – weekly numbers	264	264	Estimated 264	Future of this cost driver under consideration in terms of value added information and as part of a cost modelling review.
Lansdowne Secure Unit total beds Charged to Other Local Authorities – weekly numbers	4.25	4.27	4.09	Although the current level of occupancy is marginally lower than budget this is not expected to continue for the rest of the year and the overall annual level is forecast to be in line with estimate.
Paid Pupil Meal Numbers per annum	2,097,067	2,178,105	2,159,107	This is based on actual numbers to the end of the contract (end July). A new contract start for the autumn term and it is assumed that improved quality of meals will lead to higher take up, but this will be reviewed at the end of the Autumn term.
Nursery average sessions per term – 3 year olds	52.05	54.47	53.69	The current average take up of sessions is below the budget figure and is reflected in the budget monitoring figures. The take up fluctuates on a termly basis.
Nursery average sessions per term – 4 year olds	58.35	57.00	56.91	The current average take up of sessions is below the budget figure and is reflected in the budget monitoring figures. The take up fluctuates on a termly basis.

Children's Department: Revenue Budget Analysis and Commentary

3 Schools/CSA Summary

Forecast outturn variances	Schools Budget	CSA Budget	Total
	£000	£000	£000
Children and Families	433	324	757
Learning and School Effectiveness	121	701	822
Resources	(56)	173	117
Schools Delegated Budgets	861	-	861
Total	1,359	1,198	2,557

4 Departmental Commentary

The department's latest forecast shows a net under spend of £2,557,000, an increase of £1,801,000 over the amount expected in the August report. The Schools Budget is forecast to underspend by £1,359,000, an increase of £553,000, whilst the CSA Budget is forecast to underspend by £1,198,000, compared to an overspend of £50,000 compared with the August report.

Dedicated Schools Grant (Schools Budget)

The change in under spend is mainly due to the following key factors:

- i) Schools Rates revaluations under spend of £751,000. The first-half year's payment figures have confirmed the pattern of last year of reducing valuations and includes an additional £48,000 under spend identified since the last return. The rates budgets will be amended for future years which will help to offset pressures on the overall schools budgets.
- ii) There is an under spend on the schools contingency as the allocations for Key Stage 1 class size top ups are some £110,000 less than allowed for within the overall contingency figure. Other calls on the contingency such as newly qualified teachers' induction will not be finalised until January but there is potential for further under spend.
- iii) Integrated Children's services under spend of £334,000. A new planned underspend as a result of decisions on the use of underspend in the Schools Budget carried forward from 2006/07. Following discussions with the Schools Forum a number of projects are planned to cover both 2007/08 and 2008/09 academic years with this under spend being ring fenced and carried forward to next financial year.

Children's Department: Revenue Budget Analysis and Commentary

- iv) Looked after Children - Schools budget under spend £57,000, planned over two academic years This is primarily due to project funding to cover 2007/08 and 2008/09 allocated from the under spend in the Schools Budget carried forward from 2006/07 as agreed by the schools forum.
- v) Youth Justice – Safer Communities Funding - under spend £25,000, due to the planned spending over two years of the sum allocated from last years schools budget under spend.
- vi) Net effect of other small savings of £39,000.

Offset by:

- vii) Early Years under spend of £100,000. The under spend has been reduced by £60,000 since the last report reflecting the latest autumn term up take of sessions for three and four year olds in private, voluntary and independent sector providers.

The DSG is ring fenced for the purposes of the Schools Budget and the underpend will be carried forward and allocated in the following year.

CSA Budget

Overall the CSA Budget is expected to underspend by £1,198,000. The main changes since the last report are mainly accounted for by:

- i) *Home to School Transport. Latest projections for hired transport costs indicates an under spend of £766,000. This is a significant change from the August forecast. With the commencement of the new academic year the forecast has been revisited in light of new contracts that have been let. This area of spend continues to be challenging in terms of forecasting, a large part of which relates to difficulties predicting future needs and changes around SEN transport. The budget this year was established using a prudent approach; based on previous expenditure trends and information available at the time in relation to excess inflation predictions. There are still a number of contracts to finalise for remainder of the year and until this work is completed the forecast figure is subject to variation.*
- ii) Integrated Children's services – under spends in staff costs due to delayed appointments £47,000, savings in services and materials £25,000 and the Mother and Baby team have reported savings of £20,000
- iii) Youth Development Service – A review of the timing of staff appointments has identified a saving of approximately £64,000

Children's Department: Revenue Budget Analysis and Commentary

- iv) Connexions funding – underspend of £392,000. Responsibility for this service transferred to the County Council on 1 April 2007 and Sussex Connexions Ltd has now distributed residual funding left over from previous years to East and West Sussex County Councils and Brighton and Hove City Council. This one-off funding has been notified in three tranches and while some of this will be spent in the current year it is planned to carry forward £392,000 to address a number of uncertainties particularly around ICT developments and internal arrangements to support the new contract for the service in 2008/09.
- v) Planning & Performance Management. An under spend of £105,000 have been identified this month as a result of slippage on an invest to save project, primarily salary cost savings for the contact centre manager and data analyst roles.
- vi) Net effect of numerous small savings of £40,000

Offset by:

- vii) Music Service. An over spend of (£60,000) is estimated at present mainly on concerts and courses and lower than expected tuition fee income. An initial report on the situation was considered by the Music Service Management Committee on 1 October including proposals for recovering the position and further discussions are scheduled to finalise actions.
- viii) Union Facility Time. Current levels of activity will result in an over spend of (£68,000).

Corporate Resources Directorate: Revenue Budget Analysis and Commentary

1 Financial Analysis

	Original Budget and Agreed Transfers			Latest Outturn Prediction			Variation		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Audit & Performance & Training	2,224	(1,014)	1,210	2,248	(1,060)	1,188	(24)	46	22
Finance (other)	7,393	(5,488)	1,905	7,388	(5,488)	1,900	5	0	5
Property	13,360	(8,468)	4,892	13,303	(8,491)	4,812	57	23	80
ICT	12,440	(9,291)	3,149	12,214	(9,029)	3,185	226	(262)	(36)
Miscellaneous	251	0	251	214	0	214	37	0	37
Total	35,668	(24,261)	11,407	35,367	(24,068)	11,299	301	(194)	108

2 Departmental Commentary

The monitoring of CRD revenue budget shows an under spend of £108,000 compared to an under spend of £99,000 reported in the August report. The under spend on 'departmental' activities which would be carried forward is £71,000. The following factors are the main contributors to the overall position:-

Audit and Performance is forecasting an under spend of £22,000 compared to an over spend of £5,000 reported in the August report. Finance is forecasting an under spend of £5,000 compared to an under spend of £37,000 reported in the August report. These under spends are caused by staff turn over and vacant posts.

Property is forecasting an under spend of £80,000 compared to a £53,000 under spend reported in the August report. This is the net effect of a forecast under spend due to staff turn over and vacant posts and additional external income from the Terrier Development Project.

ICT is forecasting an over spend of £36,000 compared to an over spend of £23,000 reported in the August report. Both income and expenditure have reduced due to staff vacancies. However, predicted income has been reduced further as a result of slower than anticipated take up of services to schools.

CRD also holds a number of miscellaneous budgets which are not directly linked to service provision and are not carried forward. These are currently forecasting an under spend of £37,000 this figure has not changed.

Transport & Environment: Revenue Budget Analysis and Commentary

1. Financial Analysis

	Original Budget and Agreed Transfers			Latest Outturn Prediction			Variation		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Management and Support	4,286	(278)	4,008	4,212	(279)	3,933	74	1	75
Highways Maintenance	31,751	(7,996)	23,755	31,558	(7,815)	23,743	193	(181)	12
Traffic and Safety	6,228	(4,206)	2,022	6,689	(4,614)	2,075	(461)	408	(53)
Environment	3,975	(1,977)	1,998	4,196	(2,229)	1,967	(221)	252	31
Passenger Transport	31,029	(28,275)	2,754	30,339	(27,549)	2,790	690	(726)	(36)
Planning	3,471	(1,217)	2,254	3,395	(1,239)	2,156	76	22	98
Waste Disposal PFI	27,376	(14,722)	12,654	27,319	(14,665)	12,654	57	(57)	0
Waste Disposal non-PFI	1,985	(816)	1,169	1,985	(816)	1,169	0	0	0
Total	110,101	(59,487)	50,614	109,693	(59,206)	50,487	408	(281)	127

2. Cost Drivers and Unit Costs / Key Indicators

Active Cases	2006/07 £	2007/08 Projection £	Actual as at Oct £	Comments
Highways				
Energy Contract (Streetlighting/ Traffic Signals) – (Net of recharges to BHCC)	1,008,178	1,057,620	650,012	A two year contract with NPower (commenced October 06) at 5.471p/kWh, plus fixed seasonal charges, applies throughout this year. Estimated inclusive rate = £5.967p/kWh. Estimated usage: 27,479,589 kWh, with ESCC liable for 61.7% share.
Property Search Fees (from Districts)	(158,720)	(189,340)	(99,400)	Charge per fee raised from £16 to £20. 9,920 searches achieved last year. (Search fees are reactive only and dependent on the housing market.) High income for first quarter, though currently remaining prudent.

Transport & Environment: Revenue Budget Analysis and Commentary

Traffic & Safety Road Safety Training Courses	0	(273,000)	0	In conjunction with Sussex Police, introduction this year of Speed Awareness Courses for driving offenders (£100 a course).
Planning Planning Application Fees	(81,000)	(90,000)	(72,537)	Income dependent on applications, and is proportionate to size of applications.

3. Departmental Commentary

The department is forecasting a net underspend of some £127,000, compared to an overspend of £137,000 in August 2007. The significant movements between the two figures are set out in the table below. The whole of the net underspend is committed to projects which are slipping to next financial year. These are also detailed below.

Significant movements between August and October

Increased underspend in Management & Support	£21,000
Trainee vacancy within highways	£12,000
Improved position on parking operations	£157,000
Planning	£74,000
Total	£264,000

Commitments against underspend

Phase 2 Contact Centre (Management Capacity Fund)	£18,000
Grant funded projects – delayed outputs	£21,000
Waste & Minerals core strategy and Minerals Sites Development Plan	£75,000
Landfill site monitoring system	£13,000
Total	£127,000

Transport & Environment: Revenue Budget Analysis and Commentary

Key variations

The most significant factor affecting the revised forecast is the recent events around Eastbourne parking. Plans to introduce Decriminalised Parking Enforcement (DPE) in Eastbourne on 8 October have been delayed as a result of a legal challenge. Enforcement activity will continue on a more restricted basis and the level of deficit will reduce as a direct result by some £93,000. DPE is a more expensive operation but does achieve additional benefits in terms of traffic management and travel choices. Other amendments have been made to forecasts of income and expenditure from parking operations elsewhere in the county, bringing the net overspend in this area to £53,000.

Increased staffing costs around the implementation of Trapeze software (Passenger Transport) to ensure that this project completes as early as possible in the new year have resulted in a net overspend for Passenger Transport of some £36,000.

Variations between expenditure and income

There are a number of significant variances between income and expenditure. These are summarised below:-

- Traffic & Safety – the major impact flows from the interim parking operations in Eastbourne as mentioned above, affecting both income and expenditure levels;
- Environment – new grant funding has become available since the start of the year with the changes in expenditure and income being included in the forecasts based on those new projects;
- Passenger Transport – the majority of the variation is in relation to home to School Transport which is reported fully within Children's Services. The net variation of £36,000 relates to the Trapeze implementation mentioned above.

Summary

As previously reported parking continues to be a major financial risk for the department, with parking surpluses falling short of expected levels. The longer term issue of the level of commitments against the parking surpluses are being addressed as part of this year's Reconciling Policy and Resources process.

Appendix C

Monitoring of Savings 2007/08

	Target £000	Forecast £000	Variation £000
Cashable Savings			
Adult Social Care	3,097	2,880	217
Chief Executive	179	114	65
Children's Services	1,174	1,174	0
Corporate Resources	302	302	0
Transport & Environment	260	260	0
A Total Cashable	5,012	4,730	282
Non-Cashable Savings			
Adult Social Care	1,043	1,043	0
Chief Executive	325	325	0
Children's Services	500	500	0
Corporate Resources	20	20	0
Transport & Environment	302	302	0
B Total Non-Cashable Savings	2,190	2,190	0
Non-AES Savings			
Adult Social Care	68	68	0
Chief Executive	240	240	0
Children's Services	782	782	0
Corporate Resources	285	285	0
Transport & Environment	765	674	91
C Total Non-AES Savings	2,140	2,049	91
D Total savings	9,342	8,969	373

Departmental Commentaries

Adult Social Care

The total Adult Social Care cashable savings target for 2007/08 is £3.097m. At 31 October 2007 it is anticipated that savings of £2.880m will be achieved.

It is currently estimated that all original savings targets will be achieved, with the exception of the review of older people directly provided services which is ongoing and will continue into 2008/09. The estimated potential savings arising from this review in 2007/08 have been realigned with the revised timescales of the project and reduced to £400,000, a reduction of £226,000. This reduction is partly offset by additional new savings of £9,000, identified through the review of transport provision for service users, which are above the original service efficiencies anticipated within directly provided services.

Chief Executive

The department will not achieve the £15,000 saving from co-locating the personnel and training admin teams in St Mary's House Eastbourne as the moves planned for these teams have now been put back to the end of the programme (September 08). It is also unlikely that Libraries will be able to consolidate their premises before year end and achieve the majority of the £50,000 saving.

Absences have reduced in quarter 2 compared to last year and this means that the savings target is back on track.

Children's Services

There are three areas of planned efficiencies within the Children and Families and Learning and School Effectiveness Divisions where savings have only been partially or not yet realised at the end of October. These areas are under close scrutiny and alternative actions are being developed to achieve the full target savings by the end of 2007/08.

Corporate Resources

Monitoring to date indicates that the department will achieve all of their targeted savings.

Transport and Environment

The Transport & Environment Department's total cash savings requirement for 2007/08 is £1,327,000, including £260,000 cashable Annual Efficiency Savings (AES). A further £302,000 of non-cashable savings were reported in the AES.

As previously reported the department is currently forecasting to meet all AES savings, and all except £91,000 of its other cash savings. The latter relates to new income from the speed awareness scheme, which has experienced delays, and the decision made by the Sussex Safer Roads Partnership that any surplus generated from the speed awareness schemes would not be held by the participating authorities but be held in a reserve. This means that the surplus of £91,000 for this scheme will not be achieved. However, the department is funding this shortfall from forecast savings in school crossing patrols salary costs (£27,000) and a reduction in other roads safety revenue works (£64,000, mainly cycle path maintenance) as demonstrated in Appendix B.

Capital Programme Monitoring - End of October 2007/08**Table 1 - Payments Only**

	Original Programme	Programme at Mid Term Review	Approved Variations post Mid Term Review	Revised Total Provision	Forecast 2007/08	Actual to Date	Current Month Variation
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	13,984	9,411	-	9,411	6,557	3,099	2,854
Chief Executives	615	582	-	582	582	4	-
Children's Services (excl. Schools Delegated Capital)	29,552	32,558	113	32,671	31,720	11,897	951
Corporate Resources	7,750	9,082	15	9,097	8,742	2,626	355
Transport and Environment	14,571	15,533	46	15,579	15,626	7,623	(47)
Sub - total	66,472	67,166	174	67,340	63,227	25,249	4,113
Schools Delegated Capital	7,739	7,801	-	7,801	7,801	5,271	-
Total	74,211	74,967	174	75,141	71,028	30,520	4,113

Table 2 - Income Only

	Original Programme	Programme at Mid Term Review	Approved Variations post Mid Term Review	Revised Total Provision	Forecast 2007/08	Actual to Date	Current Month Variation
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	(1,250)	(240)	-	(240)	(240)	(7)	-
Chief Executives	-	(13)	-	(13)	(13)	(4)	-
Children's Services (excl. Schools Delegated Capital)	(16,299)	(18,077)	(113)	(18,190)	(17,126)	(11,510)	(1,064)
Corporate Resources	(131)	(565)	(15)	(580)	(560)	-	(20)
Transport and Environment	(2,916)	(4,467)	(46)	(4,513)	(4,513)	(1,408)	-
Sub - total	(20,596)	(23,362)	(174)	(23,536)	(22,452)	(12,929)	(1,084)
Schools Delegated Capital	(7,739)	(7,801)	-	(7,801)	(7,801)	(5,228)	-
Total	(28,335)	(31,163)	(174)	(31,337)	(30,253)	(18,157)	(1,084)

Table 3 - Net Departmental Programmes

	Original Programme	Programme at Mid Term Review	Approved Variations post Mid Term Review	Revised Total Provision	Forecast 2007/08	Net Actual	Analysis of variation			
							Net Variation	(Over) Under Spend	Slippage to Future Years	Accelerated spend b/fwd from 2008/09
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Adult Social Care	12,734	9,171	-	9,171	6,317	3,092	2,854	-	3,144	(290)
Chief Executives	615	569	-	569	569	-	-	-	-	-
Children's Services (exc Schools Delegated)	13,253	14,481	-	14,481	14,594	387	(113)	(113)	-	-
Corporate Resources	7,619	8,517	-	8,517	8,182	2,626	335	-	335	-
Transport and Environment	11,655	11,066	-	11,066	11,113	6,215	(47)	-	-	(47)
Sub - total	45,876	43,804	0	43,804	40,775	12,320	3,029	(113)	3,479	(337)
Schools Delegated Capital	-	-	-	-	-	43	-	-	-	-
Total	45,876	43,804	0	43,804	40,775	12,363	3,029	(113)	3,479	(337)

N.B. All figures above are net of external contributions, Government grants and SCA's

Table 4 - Capital Variations - Post Mid Term Review	Gross Amount	Resources	Net Amount	Approval sought	Description
Adult Social Care					
	-	-	-		
Chief Executives					
PSA Rights of Way	1,000		1,000		Fund Overspend on PSA Rights of Way
Temporary Mortuary	(1,000)		(1,000)		Fund Overspend on PSA Rights of Way
	-	-	-		
Children's Services					
Feasibility and early works	7,000	(7,000)	-		Government Grant
Acquisition and redevelopment of Rose Cottage	1,000		1,000		Fund Overspend on Rose Cottages
Redevelopment of Old Roar	(1,000)		(1,000)		Fund Overspend on Rose Cottages
Mobile technology grant	106,000	(106,000)	-		Government Grant
Advance of modernisation	(70,000)	70,000	-		Movement of modernisation grant
Chailey Secondary School - Additional Classroom	70,000	(70,000)	-		Movement of modernisation grant
	113,000	(113,000)	-		
Corporate Resources					
Sackville House Phase 2	2,000		2,000		Financing of Sackville house overspend
Eastbourne Hub Project	(2,000)		(2,000)		Financing of Sackville house overspend
NGN - Invest to save scheme	15,000	(15,000)	-		Contact Centre Telephony
	15,000	(15,000)	-		
Transport and Environment					
Bridge Assessment Strengthening	46,000	(46,000)	-		Contribution from Eastbourne BC, for construction of foot/cycle bridge.
	46,000	(46,000)	-		
Total variations	174,000	(174,000)	-		

N.B. Intra department transfers are to balance the departmental programme. Those over 10% are approved via variation request.

Table 5 - Adult Social Care

Net programme

Project	Original Programme	Programme at Mid Term Review	Approved Variations after Mid Term	Latest App. Programme	Actual to date	Forecast for year	Net Variation	Analysis of variation		
								(Over) / under Spend	Slippage to future year	Accelerated spend
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
PID approved projects										
Age Well - East Sussex	6,500	3,810		3,810	1,300	1,300	2,510		2,510	
Conquest Centre	560	610		610	330	900	(290)			(290)
Transformation Change Capacity	1,900	1,656		1,656	732	1,462	194		194	
Linden Court Phase 1	38	38		38	-	-	38		38	
Older Peoples Residential Homes	543	466		466	204	316	150		150	
St Nicholas Centre	364	352		352	21	100	252		252	
Total of all other projects	2,829	2,239		2,239	505	2,239	-			
Total PID approved projects	12,734	9,171	-	9,171	3,092	6,317	2,854	-	3,144	(290)
Projects requiring PID approval										
Improving Older People's Care Home Environment	-	855		855	130	855	-			
<i>Funded by: DoH Grant</i>	-	(855)		(855)	(855)	(855)	-			
Total	12,734	9,171	-	9,171	2,367	6,317	2,854	-	3,144	(290)

Commentary

Adult Social Care has a net revised programme for 2007/08 of £9.2m for PID approved projects. The Refurbishments to Care Homes project still requires PID approval.

Age Well - the potential purchase of a further site at Five Ash Down near Uckfield has fallen through. It is unlikely that a new site will be found in this financial year, resulting in slippage of £2.5m.

There is spending in advance of £290,000 due to rephasing of work at the Conquest Centre to further improve the drop in centre and external areas.

The operational stream of the Transformation Change Capacity project, including the purchase of the new Carefirst module, will not begin until next financial year. Additional slippage of £194,000 on top of that included at the mid term review has been identified within this project.

Due to the continuing DPS review, no work will be carried out at Linden Court on either phase, resulting in slippage of £38,000.

Due to a reduction in planned major work on our establishments, a further £150,000 will be slipped into 2008/09 to allow for the resulting increased demand for minor refurbishments to maintain the properties at registration standards.

The scope of work at St. Nicholas Centre is in the process of being revised and work is now not expected to begin on site until late in the financial year, resulting in £252,000 being slipped to

Table 6 - Chief ExecutivesNet programme

Project	Original Programme	Programme at Mid Term Review	Approved Variations after Mid Term	Latest App. Programme	Actual to date	Forecast for year	Net Variation	Analysis of variation		
								(Over) / under Spend	Slippage to future year	Accelerated spend
PID approved projects	£000	£000	£000	£000	£000	£000	£000	£000	£000	
New Archive and Record Office	465	339		339	-	339	-			
Lewes Library		-		-	1	-	-			
Library Refurbishment programme	150	227		227	(1)	227	-			
Total of all other projects		3		3		3	-			
Total PID approved projects	615	569	-	569	-	569	-	-	-	
Projects requiring PID approval - New Library	870			-		-	-			
Total	1,485	569	-	569	-	569	-	-	-	

Commentary

Chief Executives has a net approved programme at Mid Term Review for 2007/08 of £569,000.

Despite no spend to date design work on the New Archive building will start early in 2008 and the Chief Executive is reporting no slippage.

Similarly it is reported that work on the Library Refurbishment project will be completed in this financial year.

Table 7 - Children's Services

Net Programme

Project	Original Programme	Programme at Mid Term Review	Approved Variations after Mid Term	Latest App. Programme	Actual to date	Forecast for year	Net Variation	Analysis of variation		
								(Over) / under Spend	Slippage to future year	Accelerated spend
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
PID approved projects										
Grove Park/ Beacon	3,300	4,000		4,000	2,549	4,000	-			
<i>Grant</i>	(3,350)	(4,798)		(4,798)	(1,775)	(4,798)	-			
Tideway	5,950	5,802		5,802	874	5,802	-			
Wivelsfield Primary	1,080	1,606		1,606	1,487	1,606	-			
Schools Access Initiative	1,042	1,139		1,139	185	1,139	-			
Temporary Accommodation	725	995		995	881	995	-			
Advance of modernisation	2,032	1,134	(70)	1,064	-	-	1,064		1,064	
Modernisation grant	(2,032)	(1,134)	70	(1,064)	-	-	(1,064)		(1,064)	
Peasmarsh CE Primary School	66	156		156	50	210	(54)	(54)		
Other Projects	4,440	5,581		5,581	(3,864)	5,640	(59)	(59)		
<i>Sub total Net Expenditure</i>	13,253	14,481	-	14,481	387	14,594	(113)	(113)	-	-
Schools Delegated capital	7,739	7,801		7,801	5,271	7,801	-			
<i>Grant</i>	(7,739)	(7,801)		(7,801)	(5,228)	(7,801)	-			
<i>Total Schools Delegated</i>	-	-	-	-	43	-	-	-	-	-
Total PID approved projects	13,253	14,481	-	14,481	430	14,594	(113)	(113)	-	-
Projects requiring PID approval	1,201	420	-	420	276	420	-			
Total	14,454	14,901	-	14,901	706	15,014	(113)	(113)	-	-

Commentary

Children's Services has a net approved programme at Mid Term Review for 2007/08 of £14.5 million for PID approved Projects.

Allocation of the advance of Modernisation grant, announced by the government in 2006/07, was delayed until a more detailed investigation of the overspending projects could be completed. Of the £2.7m available over 2007/08 and 2008/09 £898,000 has been used in 2007/08 and £893,000 in 2008/09 to meet the overspends at Chailey, Stafford, Wivelsfield and Grove Park/Beacon. To match this profile of expenditure £1.1m balance of grant in 2007/08 has been slipped in to 2008/09 leaving £865,000 unallocated in 2008/09. The highest priority projects - at High Hurstwood and Barcombe have not proceeded at this stage because of the uncertainty with the overspends.

Expenditure on the scheme at Peasmarsh is now estimated to be £54,000 more than was estimated at the mid term review. The final account is £24,000 higher than expected and there is a claim of £30,000 for extension of time from the contractor. These overspends are currently being investigated.

Whilst the majority of the Grove Park/Beacon complex is near completion, there are a number of elements still in progress or to be commissioned. Detailed design work on the main access is being finalised and planning permission will be sought in the next couple of months. The works are expected to be completed by December 2008.

There are a number of small overspends on projects to the value of £59,000, ways of financing this are being reviewed.

Table 8 - Corporate Resources Directorate

Net Programme

Project	Original Programme	Programme at Mid Term Review	Approved Variations after Mid Term	Latest App. Programme	Actual to date	Forecast for year	Net Variation	Analysis of variation		
								(Over) / under Spend	Slippage to future year	Accelerated spend
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
PID approved projects										
Building Maintenance	2,670	3,091		3,091	1,338	3,091	-			
NGN	1,261	1,994		1,994	201	1,994	-			
Eastbourne Hub	1,248	954	(2)	952	361	952	-			
DDA improvements to non-school properties	680	670		670	-	410	260		260	
Disabled access to public buildings (BVPI) Improvements	450	560		560	68	485	75		75	
Other Projects	1,310	1,248	2	1,250	658	1,250	-			
Total PID approved projects	7,619	8,517	-	8,517	2,626	8,182	335	-	335	-
Projects requiring PID approval	-	-	-	-	-	-	-			
Total	7,619	8,517	-	8,517	2,626	8,182	335	-	335	-

Commentary

Corporate Resources has a net approved programme at Mid Term Review for 2007/08 of £8.5m.

A number of projects have met technical difficulties and replacement schemes have not yet been identified for DDA improvements to non-school properties, resulting in £260,000 slippage.

Public buildings (BVPI) improvements programme is slipping £75,000 into 2008/09. This is because one project has failed with a lottery bid, another project has cancelled and there are delays in two other projects.

Table 9 - Transport and Environment

Net Programme

Project	Original Programme	Programme at Mid Term Review	Approved Variations after Mid Term	Latest App. Programme	Actual to date	Forecast for year	Net Variation	Analysis of Variation		
								(Over) / under Spend	Slippage to future year	Accelerated spend
PID approved projects	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Structural Maintenance	5,193	3,873		3,873	3,201	3,873	-			
Bexhill to Hastings Link Road	3,480	2,350		2,350	162	2,350	-			
Integrated Transport measures (ITM)	1,257	1,404		1,404	1,701	1,404	-			
Bridge Assessment Strengthening		1,340		1,340	572	1,340	-			
Local Safety Schemes	1,000	812		812	382	859	(47)		(47)	
Total of all other projects	725	1,287		1,287	197	1,287	-			
Total PID approved projects	11,655	11,066	-	11,066	6,215	11,113	(47)	-	(47)	
Projects requiring PID approval										
Eastern Area Highways Depot	220	40		40	-	40	-			
Implementation of Speed Limit Guidelines	310	217		217	14	275	(58)		(58)	
Total	12,185	11,323	-	11,323	6,229	11,428	(105)	-	(105)	

Commentary

Transport and Environment has a net approved programme at Mid Term Review for 2007/08 of £11.1 million for PID approved Projects.

Currently the Programme is forecasting to spend in advance £47,000 as a result of a review of the project profiles within Local Safety Schemes.

As previously reported there are two projects (Eastern Area Highways Depot and the implementation of Speed Limit Guidelines) that still require PID approval:-

(a) As part of T&E's Change Programme (Pathway) a more fundamental review of the departments depot requirements will be undertaken. It is anticipated that this review will be completed in January 2008 when a PID will be drafted.

(b) Following the appointment of a dedicated project manager for the Speed Limit Implementation Programme a PID has been submitted for approval and it is anticipated that work will commence in this area in the next few weeks. This programme is forecasting expenditure in advance of the mid term review position by some £58,000. This is as a result of work regarding the classification of villages being completed ahead of schedule and various projects can now be brought forward into this year's programme.