

Report to: **Cabinet**

Date: **26 January 2009**

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

Title of report: **Budget Monitoring 2009/10**

Purpose of report: **To provide an update on the 2009/10 budget monitoring position as at 30 November 2009.**

RECOMMENDATIONS

The Cabinet is recommended to note the latest monitoring position on the revenue and capital budgets.

1. Financial Appraisal and Commentary

1.1 This report highlights variations and risks of a material nature. Ongoing issues includes:

- Containing spending within cash limits in 2009/10 is considerably more challenging than in 2008/09. This is reflected in the projections for spending on demand led budgets, which based on the second quarter's data, is running further ahead of the budget than in 2008/09 and therefore will require more significant management action to review the current forecasts and deal with the underlying budget pressures.
- Both Adult Social Care and Children's Services departments (although the overspend is slightly reduced compared to last month) are still reporting a significant overspend risk. ASC remain confident of managing the pressures within budget. CSD have brought the potential overspend down by £143,000 to £416,000.
- The action plans put forward in relation to Children's Services (CSA) allow for the 2009/10 carry forward of £500,000 deficit to be repaid in 2010/11, as agreed by the Cabinet, and therefore will potentially have this deficit outstanding as at 31 March 2010.
- In setting its budget for 2009/10 the Council has provided for a reduction in interest receipts within the Treasury Management budget and also set up a reserve in 2009/10 of £3.0m for additional losses. At this stage, it appears that £1.9m of this reserve will be required.

1. Revenue Budget

Description	Projected Outturn		Movement £000
	October £000	This report £000	
Revenue (see para 2.1 below):			
Service Spend (excl DSG Related)	326	764	438
Treasury Management, etc.	(1,903)	(1,900)	3
Contribution from reserves	1,903	1,900	(3)
Total (excl DSG Related)	326	764	438
DSG Related (i.e., Schools)	79	213	134
Total (incl DSG Related)	405	977	572

Note: X = Underspend; (X) = Overspend

2.1 The changes in predicted outturn since the last report are shown in appendix A, with further detail in Appendices B and C. The most significant items and movements are:-

- Due to the recovery action plan now in place, Children Service's predicted overspend has been reduced to £416,000 excluding Schools. Previous month forecast was an overspend projection of £559,000.
 - Included in this sum is Home to School Transport, which is now forecast to overspend by £658,000, due to a number of changes but particularly in respect of contract variations and those pupils with Special Educational Needs. (Previous month forecast was an overspend projection of £693,000).

- A further £400,000 relates to increased legal fees attributable to increased costs following “Baby P” and other recent local cases.
- Finally, up to £903,000 of the projected net overspend before management action relates to increases in referral and looked after children placement costs.
- ASC financial position at the end of November 2009 shows an overall projected overspend of £340,000. Some £2,000 less than previously reported. There continues to be sustained pressure on Independent Sector Care budgets, particularly within Older People Services, from a high level of activity within the County’s acute hospitals and service user demand. The department is taking necessary actions to minimise the risk of a year-end budget overspend, for example, through improvements in procurement and monitoring of contracts.
- Transport & Environment now forecasts £789,000 underspend (Previous month forecast was an underspend projection of £750,000. The movement reflects a number of minor underspends forecast across the Department in addition to previous major forecast variances, which remain unchanged. These includes, the decisions to use some of the flexibility provided by one-off underspends to undertake additional investment in priority areas; underspend within street lighting due to joint energy procurement contract with the corporate energy contract; review of Environmental Action spending; project slippage within Community Transport and the delayed completion of statutory Waste & Minerals Core Strategy now scheduled for 2010/11; unallocated underspend brought forward from last year, which is being held as a contingency in relation to a number of significant risks, and scheduled contract savings within Passenger Services.

2.2 In addition to issues raised above, other ongoing issues and risks are included in the departmental commentaries contained in Appendix C (attached).

3. Savings including Value for Money (NI 179) Forecast Savings - Appendix E sets out the savings for 2009/10. From 2008/09 (SR07 spending review), the Government replaced local efficiency targets with a 3% national efficiency target (4% for 2010/11). The County Council budgeted for £6.1m efficiency saving for 2009/10 against what would be the Government’s national target share for us of £9.5m. 2009/10 is the second year of the Government cumulative SR07 target, and the County Council has benefited from some £1.1m brought forward savings as an overachievement from 2008/09. It is now possible to report that further efficiency savings (£2.3m) can be forecast as achievable for 2009/10.

4. Capital Programme

4.1 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. There is a net variation to the capital programme of £586k against a net approved programme of £31.6m. This variation is the net effect of £893k expenditure in advance on a couple of projects (of which £426k is on the Pembury Road project where work has advanced quicker than expected), £323k slippage (of which £183k is on Hub Office developments due to complications regarding the lease for Beaconwood) and £16k overspend on the Stafford project which Children’s Services are looking to manage.

5. Balance Sheet Management

5.1 It is important that key items in the Balance Sheet, such as debtors, payments to creditors, borrowing, investment, and balances are monitored. Details of movement within these balance sheet items are set out in Appendix F.

6. Conclusion and Reason for Recommendation

6.1 As set out above, Cabinet is asked to note the latest monitoring position on revenue and capital budgets for 2009/10.

The forecast net overspend for the year total £923,000 and details are shown in Appendix 'B'. Individual managers are well aware of the need to bring under/overspends within the target balance (2.25%) of net expenditure. The table below shows the current forecast compared to those reported to last Cabinet. The forecast net underspend consists of:

Dept (i)	Issue (ii)	Variances Highlighted up to October £000 (iii)	Additional Variation in November £000 (iv)	Total Variation £000 (v)	Comments (vi)	
ASC	Older People	(376)	25	(351)	The projected overspend comprises an overspend on the provision of Independent Sector Care offset by an underspend within directly provided services, primarily service costs for delivering day care and residential care.	
	Physical Disabilities	(223)	(22)	(245)	The projected overspend of £245,000 consists of overspends of £215,000 within Independent Sector Care and £31,000 in directly provided services, reflecting current staffing pressures and increased demand for services.	
	Learning Disabilities	(430)	(12)	(442)	The projected overspend arising primarily from the provision of Independent Sector Care.	
	Mental Health	346	5	351	The projected underspend arising primarily from a number of staff vacancies and an overspend on the provision of Independent Sector Care.	
	Management and Support	393	15	408	The current projected underspend reflects the impact of a number of staff vacancies, together with potential underspends within training and the Carers Respite Emergency Support Service (CRESS).	
	Various (over) / underspends	(52)	(9)	(61)	Various over/underspend items less than £100,000	
	Total	(342)	2	(340)		
C Ex	Staff Vacancies	134	(3)	131	Due to restructure delays and staff vacancies across the department.	
	Community Safety	60	-	60	Community Safety is currently holding PSA reward money, which is planned to be spent in 2010/11	
	Legal Services	85	(10)	75	Extra fee earned due to increased caseload volumes in Legal Services	
	Various (over) / underspends	63	5	68	Various over/underspend items less than £100,000.	
	Total	342	(8)	334		
CS	School Budget/DSG					
	Early Years & Childcare Service	(225)	(171)	(396)	The Early Years & Childcare Service is forecast to overspend due to the takeover of the Sidley community association and projected overspend within the Early Years Education Entitlement (EYEE).	
	Schools - rate revaluation	165	-	165	Effect of revaluations since the budget was set.	
	The School Improvement Service	-	200	200	Various projects funded from headroom funding are expected to under spend as funding was provided for the academic year. The balance will be required next year to complete projects.	
	Schools Contingency	200	80	280	From contingencies held for Key Stage 1, accommodation variations and Newly Qualified Teachers (NQT).	
	Various (over) / underspends	(61)	25	(36)	Various over/underspend items less than £100,000	
		School Total	79	134	213	
	CSD Budget					
	Home to School Transport	(693)	35	(658)	Since the budget was agreed there have been a substantial number of changes, the vast majority of these changes relate to those pupils with Special Educational Needs, where the value of individual contracts can be large, additionally there is also increasing cost in transport to Pupil Referral Units.	
	Resources (Excl. DSG)	(400)	-	(400)	Increased activity within areas of legal fees and discretionary charges, attributable to high profile events such as "Baby P" and other recent local cases indicate an over spend. Current activity in April and May shows a 33% increase over the equivalent period last year. Discussions are being conducted with the Legal team to consider how new additional internal capacity might help to mitigate the increase cost of external counsel fees.	
Looked After Children	(903)	-	(903)	ESCC residential homes are operating at full capacity. There are indications that the number of Looked after Children will continue to rise beyond our residential units or foster carers capacity. Where appropriate kinship arrangements have and will continue to be put in place.		

Dept (i)	Issue (ii)	Variances Highlighted up to October £000 (iii)	Additional Variation in November £000 (iv)	Total Variation £000 (v)	Comments (vi)
	Implementation of a recovery plan	1,200	-	1,200	As a result of a recovery plan which aims to partially offset the predicted overspend. A rigorous application of the vacancy control procedure has been introduced, combined with a moratorium on non essential supplies & services and projects previously identified to be funded from the carry forward of under spends have been stopped.
	Various (over) / underspends	237	108	345	Various over/underspend items less than £100,000
	CSD Total	(559)	143	(416)	
CRD	Finance	109	(1)	108	Due to staff vacancies across the department.
	Property	-	264	264	This movement is mainly due to the completion of the restructure within Property Business Unit and the Build East Sussex project and an office accommodation move which will not complete until next financial year therefore this sum will be carried forward to 2010/11.
	Various (over) / underspends	26	(1)	25	Various over/underspend items less than £100,000. These include a number of miscellaneous budgets which are forecasting an underspend of £33,000 mainly due to a saving in corporate subscription costs.
	Total	135	262	397	
T & E	Passenger Services	236	-	236	Scheduled contract savings have been overachieved due to the reduction in fuel prices since last year, and also the letting of more supported routes on an "own and maintain" basis which transfers risk and bus maintenance costs to operators.
	2008./09 Underspend b/fwd	168	-	168	Unallocated underspend, which will be held as contingency in relation to a number of significant risks including, for example, the potential for a judicial review of the decision to grant planning permission for the Bexhill & Hastings Link Road.
	Project Slippage - Waste & Minerals Core Strategy	180	-	180	Completion of the statutory Waste & Minerals Core Strategy is now scheduled for 2010/11, following delays due to revised Government guidance.
	Allocations to Departmental Priorities	(635)	-	(635)	These include the replacement of approximately 900 streetlight lanterns with lower wattage alternatives, and the installation of electronic dimming controls, at a cost of £265,000; £100,000 for winter maintenance to ensure reserves are protected following the extreme weather conditions last winter; and £270,000 will be spent this financial year on updating accommodation arrangements for the department.
	Streetlighting Energy	404	-	404	Energy is now procured jointly with the corporate energy contract. A "flexible buying" agreement, giving greater value for money than previous arrangements.
	Environmental Action	252	-	252	As part of a review of spending in Environmental Action, budgets not already committed to existing projects are being held pending decisions later in the year.
	Project Slippage - Community Transport schemes	125	-	125	It is unlikely that the full allocation of £200,000 (to develop Community Transport schemes in areas of poor accessibility) will be committed this financial year. While approximately £75,000 will be granted from January 2010, the remaining £125,000 will be carried forward and granted in the following financial year.
	Various (over) / underspends	20	39	59	Various projected over/underspend items less than £100,000
	Total	750	39	789	
TM	Treasury Management – Investment interest	(1,903)	3	(1,900)	This reflects the impact of ongoing economic downturn on our investments. The lower return on investments will result in a projected overspend on the treasury management budget, and will be a call on the interest equalisation reserve.
Forecast variations from current budget for 2009/10		(1,498)	575	(923)	

Revenue Budget Monitoring November 2009	Original Estimate +Approved Transfers	Projected Outturn	Variations to Outturn	Not Carried Forward	Carried Forward
	£000	£000	£000	£000	£000
Net Expenditure					
Adult Social Care	157,830	158,170	(340)	-	(340)
Chief Executive	20,108	19,774	334	-	334
Children's Services					
- Children's Services Authority	95,843	96,259	(416)	-	(416)
- Schools Budget	-	(213)	213	-	213
Corporate Resources	13,516	13,086	430	33	397
Transport & Environment	42,048	41,511	537	-	537
Waste Management	28,085	27,833	252	-	252
Departmental Total	357,430	356,420	1,010	33	977
Reversal of capital charges, levies, LABGI	-	(156)	156	156	-
Treasury Management, etc.	(20,639)	(18,739)	(1,900)	-	(1,900)
TOTAL FOR YEAR c/d	336,791	337,525	(734)	189	(923)

TOTAL FOR YEAR b/d	336,791	337,525	(734)
Underspend b/f from previous year	(5,634)	(5,634)	-
Underspend on TM to fund 09/10 1 offs	(3,173)	(3,173)	-
Further underspend c/f to next year	-	(923)	923
Total Net Expenditure	327,984	327,795	189
Transfers to / (from) Balances	-	189	(189)
NET BUDGET REQUIREMENT	327,984	327,984	-
Financed From			
Revenue Support Grant	18,136	18,136	-
Non-Domestic Rates	78,573	78,573	-
Council Tax	231,103	231,103	-
Adjustments for earlier years	172	172	-
	327,984	327,984	-

Changes since last report to Cabinet	Variations to Outturn	Not Carried Forward	Carried Forward
	£000	£000	£000
Previous report totals brought forward	(1,314)	184	(1,498)
Adult Social Care	2	-	2
Chief Executive	(8)	-	(8)
Children's Services - Children's Services Authority	143	-	143
Children's Services - Schools Budget	134	-	134
Corporate Resources	267	5	262
Transport & Environment	39	-	39
Treasury Management, Levies, etc.	3	-	3
LABGI	-	-	-
This report totals carried forward	(734)	189	(923)

Balances	Planned	Projected	Variation
	£000	£000	£000
Opening	7,075	7,475	400
Added / (withdrawn) during the year	(97)	189	286
Closing	6,978	7,664	686

Monitoring of Balance at 31 March 2009	
	£000
Net expenditure estimate	327,984
Target balance (2.25% of net expenditure)	7,381
Projected balance (table above)	7,664
Percentage of net expenditure	2.34

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	102,715	(27,125)	75,590	103,385	(27,444)	75,941	(670)	319	(351)
Physical Disabilities	20,911	(2,731)	18,180	21,339	(2,914)	18,425	(428)	183	(245)
Learning Disabilities	51,359	(17,641)	33,718	51,743	(17,583)	34,160	(384)	(58)	(442)
Mental Health	18,515	(6,541)	11,974	18,065	(6,442)	11,623	450	(99)	351
Other Adults	5,695	(4,254)	1,441	5,746	(4,239)	1,507	(51)	(15)	(66)
Management and Support	20,617	(4,190)	16,427	20,352	(4,333)	16,019	265	143	408
Service Strategy	500	-	500	495	-	495	5	-	5
Total	220,312	(62,482)	157,830	221,125	(62,955)	158,170	(813)	473	(340)

2 Cost Drivers and Unit Costs / Key Indicators

	2008/09 Actual	2009/10 Target	As at Nov'09	Comments																				
Delayed Transfers of Care (DTC) NI 131	16	< 16	16	<p>The 4 weeks of November show the breakdown of DTC between ASC and Non ASC responsibility as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>ASC</th> <th>Non ASC</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Week 1</td> <td>12</td> <td>40</td> <td>52</td> </tr> <tr> <td>Week 2</td> <td>9</td> <td>49</td> <td>58</td> </tr> <tr> <td>Week 3</td> <td>7</td> <td>48</td> <td>55</td> </tr> <tr> <td>Week 4</td> <td>15</td> <td>47</td> <td>62</td> </tr> </tbody> </table> <p>The above reflects all delayed transfers of care. The table below shows acute delays only. Acute delays due to ASC reasons have been maintained consistently at a low level.</p>		ASC	Non ASC	Total	Week 1	12	40	52	Week 2	9	49	58	Week 3	7	48	55	Week 4	15	47	62
	ASC	Non ASC	Total																					
Week 1	12	40	52																					
Week 2	9	49	58																					
Week 3	7	48	55																					
Week 4	15	47	62																					

Adult Social Care: Revenue Budget Analysis and Commentary

				ASC	Non ASC	Total	
				Week 1	6	30	36
				Week 2	5	31	36
				Week 3	2	36	38
				Week 4	3	35	38
NI 125 – Achieving independence for Older People through rehabilitation / intermediate care	88.16%	>88%	85.15%	Although progress towards the target is being made, there continues to be a high number of older people leaving acute settings with high dependency levels.			
NI 136 – People supported to live independently through social services (all adults per 100,000 population)	3,189.29	3,007.75	3,424.22	Target is being exceeded.			
NI 130 – Social Care clients receiving Self Directed Support (as a percentage of service users receiving community based and carers specific services)	15.3%	19%	16.34%	The number of service users in receipt of direct payments is increasing and will continue to increase as Personal Budgets are made available through “Putting People First”.			
NI 132 – Timeliness of social care assessments. (The percentage of new service users where the time from first contact to completion of assessment is less than or equal to four weeks)	88.2%	> 90%	85.44%	Progress towards the target will be made as issues regarding performance and staffing resources are addressed.			

3 Summary of 2009/10 position

The financial position at the end of November 2009 shows an overall projected outturn overspend for Adult Social Care of £340,000, as compared to an overspend of £342,000 at the end of October 2009. There continues to be sustained pressure on Independent Sector Care budgets, particularly within Older People Services, from a high level of activity within the County’s acute hospitals and service user demand, such that the current projections would indicate an overspend within the Independent Sector of £1.756m (representing 1.74% of the 2009/10 net Independent Sector Care budget is £101.2m). The pressure is being partly offset by projected underspends within Directly Provided Services and Management and Support of £1.416m.

In recognising these pressures the department is taking the necessary actions, for example, through improvements in procurement and monitoring of contracts, to minimise the risk of a year end budget overspend and to ensure that services continue to be delivered within

Adult Social Care: Revenue Budget Analysis and Commentary

available resources. The pressure on services will continue into 2010/11 and beyond, reflecting the demography of East Sussex and service user needs, and this will reflect in future on the thresholds by which individuals access services.

4 Detailed comments on 2009/10 outturn projection

Older People

The projected overspend of £351,000 (£376,000 overspend at the end of October 2009) comprises an overspend of £772,000 on the provision of Independent Sector Care offset by an underspend of £421,000 within directly provided services, primarily service costs for delivering day care and residential care, together with lower than anticipated staff costs.

Physical Disabilities

The projected overspend of £245,000 (£223,000 overspend at the end of October 2009) consists of £214,000 within Independent Sector Care and £31,000 in directly provided services. Within directly provided services, as reported below, the Integrated Community Equipment Service is projecting an overspend of £142,000, which is being offset by staff vacancies and slippage on specific contracts.

Learning Disabilities

The projected overspend of £442,000 (£430,000 overspend at the end of October 2009) is a result of an underspend of £156,000 within directly provided services, arising primarily from a number of staff vacancies, and an overspend of £598,000 on the provision of Independent Sector Care.

Mental Health

The projected underspend of £351,000 (£346,000 underspend at the end of October 2009) comprises an underspend of £505,000 within directly provided services, arising primarily from a number of staff vacancies and an overspend of £154,000 on the provision of Independent Sector Care.

Management and Support

The current projected underspend of £408,000 (£393,000 underspend at the end of October 2009) reflects the impact of a number of staff vacancies, together with potential underspends within training and the Carers Respite Emergency Support Service (CRESS).

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, grants and other items. As at 4 December 2009, the level of debt outstanding from PCTs was £2.493m, which apart from £2,000, is all due after the standard 30 days payment terms.

Adult Social Care: Revenue Budget Analysis and Commentary

Pooled Budgets

There are currently four pooled budgets within Adult Social Care, as summarised below. This table shows that currently the Integrated Community Equipment Service pooled budget is projected to overspend by £284,000, which is apportioned equally between Adult Social Care and the PCT's.

	2009/10 Budget			2009/10 Projected Outturn			2009/10 ESCC Liability	2009/10 PCTs' Liability
	ESCC	PCTs	Total	ESCC	PCTs	Total	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Learning Disabilities	24,940	12,251	37,191	24,940	12,251	37,191	-	-
Integrated Community Equipment Service	1,545	1,545	3,090	1,687	1,687	3,374	142	142
Community Collaborative Rehabilitation Team*	-	-	-	-	-	-	-	-
Care for the Carers	326	269	595	326	269	595	-	-
Total	26,811	14,065	40,876	26,953	14,207	41,160	142	142

* Awaiting confirmation from Hastings and Rother PCT (as host authority) of the pooled budget for 2009/10.

Chief Executive: 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
Policy and Communications	8,068	(2,180)	5,880	7,905	(2,180)	5,725	155	-	155
Libraries and Culture	8,765	(1,533)	7,232	8,693	(1,409)	7,284	72	(124)	(52)
Law and Personnel	18,367	(11,371)	6,996	18,432	(11,667)	6,765	(65)	296	231
Total	35,192	(15,084)	20,108	35,030	(15,256)	19,774	162	172	334

2 Cost Drivers and Unit Costs / Key Indicators

Active Cases	2008/09	2009/10 Estimate	Actual	Comments
Number of items added to library stock			54952	The spend on library stock items is expected to come in on budget

3. Departmental Commentary

The department is projecting an underspend of £334,000. This is £8,000 less than last month. The main reasons are;

The Community Safety budget is currently holding PSA reward money, £60,000 of which is planned to be spent in 2010/11. Caseload volumes in Legal Services have increased and extra fee earning staff have been taken on resulting in forecast additional net income of £75,000. £131,000 is due to restructure delays and staff vacancies mostly in the Community Partnerships and Safety teams. Seaford Head Adult Learning College is predicting a budget deficit of £55,000 but this will be met by an allocation from the departmental underspend. A major programme of refurbishment of travellers sites has reduced maintenance costs £20,000. There is an increase in demand for registration services £40,000. A contribution towards the running costs of the Bridie's Tan traveller site has been secured £20,000. There is a reduction in departmental overheads £50,000. There is an increase cost of post mortem and inquiries for the Coroner Service £40,000. There has been a slightly lower take up by schools of the School Library Service and a deficit of £32,000 is currently forecast. There are a number of small predicted variations in other budgets amounting to £65,000.

The Community Safety Team is awaiting the results of a bid for LAA Reward Grant (£130,000 in 2009/10). If successful, expenditure will take place over the next two to three years and the unspent Grant will need to be carried forward.

Children's Services: Revenue Budget Analysis and Commentary

1 Financial Analysis

	Original Budget and Agreed Transfers			Outturn Forecast			Variation		
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Children and Families	90,230	(13,166)	77,064	91,693	(13,166)	78,527	(1,463)	-	(1,463)
Learning and School Effectiveness	84,967	(59,374)	25,593	84,951	(59,374)	25,577	16	-	16
Resources excl DSG	55,691	(24,997)	30,694	56,121	(24,997)	31,124	(430)	-	(430)
DSG	-	(266,665)	(266,665)		(266,665)	(266,665)	-	-	-
Planning & Performance Management	2,834	(393)	2,441	2,805	(393)	2,412	29	-	29
Schools Delegated Budgets	250,085	(23,369)	226,716	249,640	(23,369)	226,271	445	-	445
Recovery Plan	-	-	-	(1,200)	-	(1,200)	1,200	-	1,200
Total	483,807	(387,964)	95,843	484,010	(387,964)	96,046	(203)	-	(203)

2. Schools/CSA Summary

2. Schools/CSA Summary	Schools Budget	CSA Budget	Total
Forecast outturn variances			
	£000	£000	£000
Children and Families	16	(1,479)	(1,463)
Learning and School Effectiveness	(228)	244	16
Resources	(20)	(410)	(430)
Planning & Performance Management		29	29
Schools Delegated Budgets	445		445
Recovery Plan		1,200	1,200
Total	213	(416)	(203)
Previously reported	79	(559)	(480)
Change since last report	134	143	277

Children's Services: Revenue Budget Analysis and Commentary

3. Cost Drivers and Unit Costs / Key Indicators

Active Cases	2008/09	2009/10 Estimate	Actual average for year	Comments
Education Agency Placements per annum	186	190	190	Current placements are within budget tolerance levels.
Education Recoupment Numbers per annum	108	113	87	Although there are fluctuations in the numbers at present current forecasts indicate full year expenditure will be in line with budget
Fostering – average weekly total cost	£92,402	£90,666	£96,264	Historically there are substantial fluctuations in the value of payments each week. Overspend due to increasing LAC numbers
Adoption – average weekly total cost	£12,837	£12,949	£12,975	Current projections indicate a small overspend at year end.
Lansdowne Secure Unit total beds Charged to Other Local Authorities – weekly numbers	4.20	4.26	4.55	Average occupancy above estimate but occupancy can be volatile
Parent & Baby Agency Placements-ave. no of weeks per month	n/a	21	23	The current average number of weeks is in excess of budget.
Parent & Baby in-house placements-ave. no. of weeks per month	n/a	9	17	The current average number of weeks is significantly in excess of budget. Continued demand at this level will place pressure on budget.
Residence Orders-ave. no. of children per month	n/a	111	115	The current average number of Orders is in excess of the estimate

Children's Services: Revenue Budget Analysis and Commentary**4 Departmental Commentary**

The departments predicted outturn shows a net overspend of £203,000, a reduction of £277,000 from the previous report. The CSA budget is overspent by £416,000 and this is offset by a £213,000 under spend on the schools budgets.

CSA Budget

The overspend has reduced by £143,000 compared to last month, the main changes are as follows:

- (i) Home to School Transport. There have been a number of new contracts, cancellations and variations to contracts which results in a reduction of £35,000 on the previously reported variance.
- (ii) Although there is continued pressure for ongoing costs within Parent & Baby placements the demand for Agency placements has reduced resulting in a reduction of £71,000 in the previously reported over spend.
- (iii) Net effect of other minor variances across the department is £37,000 under spend.

This is in addition to the previously reported over spend of £559,000:

- (iv) Home to School Transport – £693,000 over spend. The vast majority of these changes relate to those pupils with Special Educational Needs, where the value of individual contracts can be large, additionally there is also increasing cost in transport to Pupil Referral Units.

As previously reported The Home to School Transport Board has identified a number of areas for investigation and reviews are continuing in an attempt to mitigate further cost increases including:

- reviewing excess inflation, particularly fuel price increases,
 - detailed examination of request from contractors for future price increases,
 - quantifying efficiency savings arising from e-tendering
 - Targeted investigation of specific areas – e.g. .post 16 SEN transport
- (v) Looked after Children. At present, ESCC residential homes are operating at full capacity. There are indications that the number of Looked after Children will continue to rise beyond our residential units or foster carers capacity. Where appropriate kinship arrangements have and will continue to be put in place. It is assumed that independent children's

Children's Services: Revenue Budget Analysis and Commentary

homes or foster carers places will be needed to cover this shortfall. Based on last year's growth in numbers the additional cost pressure will result in an over spend of £903,000.

- (vi) Increased activity within areas of legal fees and discretionary charges, attributable to high profile events such as "Baby P" and other recent local cases indicate an over spend of £400,000. Current activity in the first three months of the financial year show a 33% increase over the equivalent period last year. Discussions are being conducted with the Legal team to consider how new additional internal capacity might help to mitigate the increase cost of external counsel fees.

These variances are offset by:

- (vii) The department has implemented a recovery plan which aims to save £1,200,000 this year to partially offset the predicted overspend. A rigorous application of the vacancy control procedure has been introduced, although essential front line services such as social workers are excluded from this control. The majority of unfilled vacancies are in administrative roles and back office support services. This approach is consistent with the County Council's stated policy for seeking 10% reductions in these areas over the medium term. A moratorium on non-essential supplies & services is also in place and steps have been taken to maximise the effective use of grants to reduce expenditure funded from the base budget. These three actions are expected to save £900,000 by 31 March 2010 with most of this having already been achieved. In addition, three projects previously identified to be funded from the carry forward of under spends from 2008/09 have been stopped which has saved a further £300,000.
- (viii) LSE – Strategic Development - Delays in recruiting for the consultant for the 14-19 Development service have lead to an under spend of £30,000.
- (ix) Net effect of other minor variances is a £207,000 under spend.

Schools Budget

The main changes this month are due to:

- (i) The Schools Delegated budget is predicted to under spend by a further £80,000 from contingencies held for Key Stage 1, accommodation variations and Newly Qualified Teachers (NQT).
- (ii) The School Improvement Service has various projects funded from headroom funding are expected to under spend by £200,000 as funding was provided for the academic year. The balance will be required next year to complete projects in the next financial year.

Children's Services: Revenue Budget Analysis and Commentary

- (iii) The forecast for Early Years Education Entitlement is based on two terms data. There is an increase in headcount within the pilot schemes which is not funded from the flexibility grant. An increase in hours from 12.5 to 15 is funded from the grant. Any child who is within the pilot that increases hours but does not exceed 12.5 has to be funded from the existing EYEE allocation. This has led to an over spend of £171,000.
- (iv) Net effect of other minor variances is a £25,000 under spend.

This is in addition to the previously reported under spend of £79,000:

- (v) The Early Years & Childcare Service is forecast to overspend by £225,000, of this £125,000 is due to the takeover of the Sidley community association and £100,000 on the Early Years Education Entitlement (EYEE). The EYEE forecast is based on one terms data which is currently being updated and any changes will be reflected in subsequent reports.
- (vi) The Schools Delegated budget is predicted to under spend is £365,000 comprising rates £165,000 and £200,000 from contingencies held for Key Stage 1, accommodation variations and Newly Qualified Teachers (NQT).
- (vii) Net effect of other minor variances is a £61,000 over spend.

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	1,888	(937)	951	1,857	(931)	926	31	(6)	25
Finance (other)	12,575	(10,528)	2,047	12,472	(10,533)	1,939	103	5	108
Property	14,653	(9,171)	5,482	14,489	(9,271)	5,218	164	100	264
ICT	13,305	(9,900)	3,405	13,661	(10,256)	3,405	(356)	356	0
Miscellaneous	1,133	(194)	939	1,080	(174)	906	53	(20)	33
Contribution to Reserves	692	0	692	692	0	692	0	0	0
Total	44,246	(30,730)	13,516	44,251	(31,165)	13,086	(5)	435	430

3. Departmental Commentary

CRD is reporting an underspend of £430,000 in November 2009 compared to the £162,000 underspend reported in October. The main contributors to the overall position are:-

Audit & Performance continue to forecast an underspend of £25,000 which is due to staff vacancies, a reduction in fraud & corruption work and a reduction in consultants fees. Finance continue to report an underspend of £108,000. This is due to staff vacancies which will not be filled this financial year.

Property are now forecasting an underspend of £264,000 compared to the breakeven position reported previously. £124,000 of this movement is mainly due to the completion of the restructure within Property Business Unit and the underspend which has been reported as likely up to this point is now confirmed. The remaining £140,000 underspend relates to the Build East Sussex project and an office accommodation move which will not complete until next financial year therefore this sum will be carried forward to 2010/11.

Building Maintenance staff have been working closely with Finance and the latest report suggests that although there is a potential pressure of £85,000 this will be managed in order to avoid any overspend at the year end. ICT have identified some pressures but will manage these to achieve a breakeven position.

CRD also holds a number of miscellaneous budgets which are forecasting an underspend of £33,000 compared to an underspend of £29,000 reported previously. The underspend is the net result of a £58,000 saving in corporate subscription costs and professional fees within Surplus Properties offset by a £30,000 overspend which is now the agreed Surplus Property liability for works done as previously reported. The movement of £4,000 is due to a reduction in energy costs within Surplus Properties. These underspends will not be carried forward at year end.

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	6,142	(551)	5,591	5,791	(551)	5,240	351	0	351
Highways Maintenance	33,833	(7,498)	26,335	33,530	(7,165)	26,365	303	(333)	(30)
Traffic and Safety	9,117	(6,751)	2,366	9,062	(6,773)	2,289	55	22	77
Environment	4,093	(2,203)	1,890	4,208	(2,367)	1,840	(115)	164	50
Passenger Services	18,186	(14,429)	3,757	18,664	(15,095)	3,569	(478)	666	188
Planning	3,305	(1,196)	2,109	3,329	(1,121)	2,208	(24)	(75)	(99)
Waste Disposal PFI	49,755	(23,609)	26,146	49,755	(23,609)	26,146	(0)	0	0
Waste Disposal non-PFI	2,428	(489)	1,939	2,175	(489)	1,687	252	0	252
	126,859	(56,726)	70,133	126,514	(57,170)	69,344	344	445	789

2. Cost Drivers and Unit Costs / Key Indicators

Active Cases	2008/09	2009/10 Projection	Actual to date	Comments
	£	£	£	
Highways				
Energy Contract (Streetlighting/ Traffic Signals) – (Net of recharges to BHCC)	1,662,396	1,492,392	978,423	Streetlighting energy now part of Corporate Energy contract. Interim rate of 7.281p/kWh from October 2009 until April 2010, a 34% reduction from previous rate of 10.969 p/kWh. Planning to enter new consortium arrangement from April 2010.
Property Search Fees (from Districts)	91,818	153,750	73,665	Charge per search increased from £20 to £31 from June. Quarter 1&2 volume 2,663 searches compared to 2,760 last year (Q1 traditionally the highest volume quarter).
Planning				
Planning Application Fees	122,654	140,000	135,715	Income dependent on applications, and is proportionate to size of applications, four applications have been received from Rydon Construction totalling £55,000 against which specialist Consultancy will be required.

Transport & Environment: Revenue Budget Analysis and Commentary

3. Departmental Revenue Commentary

At this point in the year Transport & Environment are forecasting a **£789,000** underspend for 2009/10. This is £39,000 higher than reported in October, due to a number of minor underspends forecast across the Department – all major forecast variances remain unchanged. The table below summarises the major variances compared to budget at this stage in the year.

Of the total underspend £305,000 relates to project slippage as detailed separately below, and it is also now the department's intention to carry forward £278,000 to balance its savings target for 2010/11. This leaves £206,000 remaining, of which a further £100,000 will be allocated to service priorities in January, leaving a contingency of £106,000.

In summary, the department is using its fortuitous underspends to manage risks, re-invest in highest priority services and smooth transition in areas where savings will be taken in next and subsequent years. This includes any slippage in implementing the second phase of the departmental restructure, which will be implemented in the latter half of 2010/11.

Risks

Identified risks potentially affecting this year include the overturning of an Enforcement Notice in relation to unauthorised waste activities at Robins of Herstmonceux, for which the appellants are claiming £44,000 (the department is challenging this decision).

Project Slippage

As reported in October, **£125,000** of the £200,000 allocation received to develop Community Transport schemes will not be allocated until 2010/11. This reflects the effort required to ensure the sustainability of schemes and to ensure proper consultation with Members, residents and partners.

Completion of the statutory Waste & Minerals Core Strategy is now scheduled for 2010/11, following delays while Government prepared and issued revised guidance. The funds of **£180,000** needed to complete the strategy will be carried forward to next year.

Transport & Environment: Forecast Outturn			
<i>Variances In Year</i>	(Over)/ Under spends		(Adverse)/ Favourable Movement
<i>Underspends</i>	November	October	
Unallocated underspend brought forward	£168,000	£168,000	-
Salaries Saved (as result of pay award)	£78,000	£78,000	-
Streetlighting Energy	£404,000	£404,000	-

Transport & Environment: Revenue Budget Analysis and Commentary

Passenger Services	£236,000	£236,000	-
Environmental Action	£252,000	£252,000	-
<i>Overspends</i>			
District Search Fees	(£40,000)	(£40,000)	-
Other Smaller Variances	<u>£21,000</u>	<u>(£18,000)</u>	<u>£39,000</u>
	£1,119,000	£1,080,000	£39,000
<i>Allocations to Departmental Priorities</i>			
Streetlighting Transfer to Low Wattage Bulbs	(£265,000)	(£265,000)	-
Accommodation	(£270,000)	(£270,000)	-
Winter Maintenance	<u>(£100,000)</u>	<u>(£100,000)</u>	<u>-</u>
	(£635,000)	(£635,000)	-
<i>Project Slippage</i>			
Community Transport	£125,000	£125,000	-
Underspend brought forward: Waste & Minerals Core Strategy slippage	<u>£180,000</u>	<u>£180,000</u>	<u>-</u>
	£305,000	£305,000	-
TOTAL	£789,000	£750,000	£39,000

Analysis of Other Variances

Overall, forecast car parking surpluses have remained at £703,000 as reported in October. However, a series of meetings have occurred with Hastings Borough Council -who act as our agents with regards to the parking scheme within their boundary- identifying at least £89,000 worth of savings annually. These are not yet reflected in outturn, as they are to be finalised and agreed, but will be reflected in future reports.

The large income and expenditure variances shown against highways maintenance mainly relate to:-

- fleet vehicles fuel costs, initially paid by the department and then recharged to the relevant services across the Council (£150,000) – fuel prices have dropped considerably from last financial year;

Transport & Environment: Revenue Budget Analysis and Commentary

- engineering vacancies in highways construction posts usually recharged to the capital programme (£100,000).

Income and Expenditure variances within the environmental services reflect arrangements to fund both the removal of bunding at Telscombe Tye and also various grant funded projects, for which budgets were not originally set. Budgets will be realigned at the earliest opportunity.

Home to School Transport

Home to School Transport is now forecast to overspend by £658,000, a reduction of approximately £35,000 on October, mainly due to a revision in the expected contract price review outcome given the current low level of inflation.

As previously reported The Home to School Transport Board has identified a number of areas for investigation and reviews are continuing in an attempt to mitigate further cost increases including:

- reviewing excess inflation, particularly fuel price increases,
- detailed examination of request from contractors for future price increases,
- quantifying efficiency savings arising from e-tendering
- Targeted investigation of specific areas – e.g. .post 16 SEN transport
- Review of “sole traveller” arrangements.

The Home to School Transport expenditure is ultimately transferred to the Children’s Services budget, hence the large income and expenditure variances shown in the financial analysis.

Table 1 - Expenditure Only

Department	Original Programme	Programme at Mid Term Review	Approved Variations	Revised Total Provision	Actual to Date	Forecast	Variation from Total Provision
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	4,618	2,503	0	2,503	1,971	2,935	(432)
Chief Executives	721	1,559	0	1,559	933	1,777	(218)
Children's Services (excl. Schools Delegated Capital)	36,778	37,577	20	37,597	18,759	37,709	(112)
Corporate Resources	6,347	6,551	32	6,583	3,676	6,357	226
Transport and Environment	18,349	24,563	(6)	24,557	15,442	24,554	3
Sub Total	66,813	72,753	46	72,799	40,781	73,332	(533)
Schools Delegated Capital	7,331	8,459	0	8,459	6,508	8,459	0
Total	74,144	81,212	46	81,258	47,289	81,791	(533)

Table 2 - Income Only

Department	Original Programme	Programme at Mid Term Review	Approved Variations	Revised Total Provision	Actual to Date	Forecast	Variation from Total Provision
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	(482)	(58)	0	(58)	(1)	(58)	0
Chief Executives	(378)	(1,057)	0	(1,057)	0	(1,057)	0
Children's Services (excl. Schools Delegated Capital)	(34,482)	(34,490)	(20)	(34,510)	(9,200)	(34,513)	3
Corporate Resources	(133)	(114)	(132)	(246)	(95)	(269)	23
Transport and Environment	(5,375)	(5,378)	6	(5,372)	(1,971)	(5,293)	(79)
Sub Total	(40,850)	(41,097)	(146)	(41,243)	(11,267)	(41,190)	(53)
Schools Delegated Capital	(7,331)	(8,459)	0	(8,459)	(6,560)	(8,459)	0
Total	(48,181)	(49,556)	(146)	(49,702)	(17,827)	(49,649)	(53)

Table 3 - Net Departmental Programmes

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

Department	Original Programme	Programme at Mid Term Review	Approved Variations	Revised Total Provision	Actual to Date	Forecast	Variation from Total Provision
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	4,136	2,445	0	2,445	1,970	2,877	(432)
Chief Executives	343	502	0	502	933	720	(218)
Children's Services (excl. Schools Delegated Capital)	2,296	3,087	0	3,087	9,559	3,196	(109)
Corporate Resources	6,214	6,437	(100)	6,337	3,581	6,088	249
Transport and Environment	12,974	19,185	0	19,185	13,471	19,261	(76)
Sub Total	25,963	31,656	(100)	31,556	29,514	32,142	(586)
Schools Delegated Capital	0	0	0	0	(52)	0	0
Total	25,963	31,656	(100)	31,556	29,462	32,142	(586)

Analysis of Forecast Variation		
(Over) or Underspend	Slippage to Future Year	Accelerated Expenditure
£'000	£'000	£'000
0	0	(432)
0	0	(218)
(16)	0	(93)
0	249	0
0	74	(150)
(16)	323	(893)
0	0	0
(16)	323	(893)

Capital Programme Monitoring - End of November 2009/10

Table 4 - Post Mid Term Review Capital Variations for PID Approved Projects

Appendix D

Department and Project Description	Gross Expenditure	Resource	Net Expenditure	Status	Month	Comments
Adult Social Care						
None			-			
Total Adult Social Care Variations	-	-	-			
Chief Executives						
None			-			
Total Chief Executive Variations	-	-	-			
Childrens Services						
Telscombe Cliffs CP	20,000	(20,000)	-	Approved	Oct	CERA Contribution
Children's Centres and Extended Schools Programme	(220,000)	-	(220,000)		Oct	Departmental Movement
Childcare Places	66,000	-	66,000		Oct	Departmental Movement
Pevensey and Westham	4,000	-	4,000		Oct	Departmental Movement
Pebsham Community Primary	20,000	-	20,000		Oct	Departmental Movement
Telscombe Cliffs CP	20,000	-	20,000		Oct	Departmental Movement
Hawkes Farm Primary	15,000	-	15,000		Oct	Departmental Movement
Whitehill Infant School	15,000	-	15,000		Oct	Departmental Movement
Groombridge St Thomas	10,000	-	10,000		Oct	Departmental Movement
Hollington Primary School	20,000	-	20,000		Oct	Departmental Movement
Little Common School	10,000	-	10,000		Oct	Departmental Movement
Ringmer Primary School	15,000	-	15,000		Oct	Departmental Movement
Peasmarsh CE Primary	8,000	-	8,000		Oct	Departmental Movement
Hellingly Coomunity School	7,000	-	7,000		Oct	Departmental Movement
Wivelsfield Primary	5,000	-	5,000		Oct	Departmental Movement
Dallington CEP School	5,000	-	5,000		Oct	Departmental Movement
BSF Feasibility in all Secondary Schools	(84,000)	-	(84,000)		Oct	Departmental Movement
Willingdon Community College	15,000	-	15,000		Oct	Departmental Movement
Thomas Peacocke	13,000	-	13,000		Oct	Departmental Movement
Hailsham Community College	5,000	-	5,000		Oct	Departmental Movement
Uckfield CTC	42,000	-	42,000		Oct	Departmental Movement
Uplands Community College	9,000	-	9,000		Oct	Departmental Movement
Primary Capital Programme Feasibility	(134,000)	-	(134,000)		Oct	Departmental Movement
Sidley Primary School	1,000	-	1,000		Oct	Departmental Movement
Etchingham - Proposed Replacement School	53,000	-	53,000		Oct	Departmental Movement
Firle CES - Development of Accommodation	2,000	-	2,000		Oct	Departmental Movement
Holy Cross - New Replacement School	4,000	-	4,000		Oct	Departmental Movement
Highfield	9,000	-	9,000		Oct	Departmental Movement
Oakwood	9,000	-	9,000		Oct	Departmental Movement
King Offa	6,000	-	6,000		Oct	Departmental Movement
Bexhill High	5,000	-	5,000		Oct	Departmental Movement
Sidley Primary School	6,000	-	6,000		Oct	Departmental Movement
Motcombe	6,000	-	6,000		Oct	Departmental Movement
Pashley Down	6,000	-	6,000		Oct	Departmental Movement
Ocklynge	7,000	-	7,000		Oct	Departmental Movement
The Cavendish	4,000	-	4,000		Oct	Departmental Movement
Stafford	9,000	-	9,000		Oct	Departmental Movement
Roselands	7,000	-	7,000		Oct	Departmental Movement
Children's Centres and Extended Schools Programme	220,000	-	220,000		Nov	Departmental Movement
Polegate	1,000	-	1,000		Nov	Departmental Movement
West St Leonard's	5,000	-	5,000		Nov	Departmental Movement
Childcare Places	223,000	-	223,000		Nov	Departmental Movement
Other Extended Schools	(11,000)	-	(11,000)		Nov	Departmental Movement
Ticehurst	(177,000)	-	(177,000)		Nov	Departmental Movement
Chailey	(300,000)	-	(300,000)		Nov	Departmental Movement
Bexhill, 77 Western Road	1,000	-	1,000		Nov	Departmental Movement
Peasmarsh CE Primary - Path to Children's Centre	27,000	-	27,000		Nov	Departmental Movement
The Haven C of E/Meth. PS - Pre	4,000	-	4,000		Nov	Departmental Movement
St. Peter's School - proposed pre-school	5,000	-	5,000		Nov	Departmental Movement
Rye College - Alteration to form Nursery	2,000	-	2,000		Nov	Departmental Movement
Primary Capital Programme Feasibility	(22,000)	-	(22,000)		Nov	Departmental Movement
Highfield	6,000	-	6,000		Nov	Departmental Movement
Stafford	16,000	-	16,000		Nov	Departmental Movement
Total Childrens Variations	20,000	(20,000)	-			
Schools Delegated Capital						
None			-			
Total Variations Schools Delegated Capital	-	-	-			
Corporate Resources						
Sustainable Building Design for Capital Projects (CPT 2.6e)	(100,000)	-	(100,000)	Approved	Oct	Transfer to Hurst Green School CSD
Sustainable Building Design for Capital Projects (CPT 2.6e)	132,000	(132,000)	-	Approved	Oct	CERA Contribution

Table 4 - Post Mid Term Review Capital Variations for PID Approved Projects

Appendix D

Department and Project Description	Gross Expenditure	Resource	Net Expenditure	Status	Month	Comments
Total Corporate Resource Variations	32,000	(132,000)	(100,000)			
Transport and Environment						
Additional Highways Allocation	6,000	-	6,000		Nov	Departmental Movement
LTP Structural Maintenance	(6,000)	-	(6,000)		Nov	Departmental Movement
Integrated Transport - LTP plus Externally Funded	(6,000)	6,000	-		Nov	Departmental Movement
LTP Structural Maintenance	(35,000)	-	(35,000)		Nov	Departmental Movement
Local Safety Schemes & Minor Works - LTP	35,000	-	35,000		Nov	Departmental Movement
Speed Management	-	5,000	5,000		Nov	Departmental Movement
Local Safety Schemes & Minor Works - LTP	-	(5,000)	(5,000)		Nov	Departmental Movement
Total Variations Transport and Environment	(6,000)	6,000	-			
Variations Grand Total for ESCC	46,000	(146,000)	(100,000)			

Table 5 - Adult Social Care

Net Programme

Project	Original Programme	Programme at Mid Term Review	Approved Variations	Revised Total Provision	Actual to Date	Forecast	Variation from Total Provision	Analysis of variation		
	£000	£000	£000	£000	£000	£000	£000	(Over) or Underspend £000	Slippage to Future Year £000	Accelerated Expenditure £000
PID approved projects										
Age Well	40	4	-	4	10	10	(6)	-	-	(6)
St Nicholas Centre	14	70	-	70	49	70	-	-	-	-
Milton Court	1,233	1,604	-	1,604	1,509	1,604	-	-	-	-
<i>CERA Contributions</i>	-	(50)	-	(50)	-	(50)	-	-	-	-
House Adaptation for People with Disabilities	350	329	-	329	200	329	-	-	-	-
<i>External Contributions</i>	-	(8)	-	(8)	(1)	(8)	-	-	-	-
Refurbishment - Registration Standards	235	340	-	340	118	340	-	-	-	-
Pembury Road	500	-	-	-	-	426	(426)	-	-	(426)
Other Projects	1,764	156	-	156	85	156	-	-	-	-
Total PID Approved Projects	4,136	2,445	-	2,445	1,970	2,877	(432)	-	-	(432)
Projects requiring PID approval (ASC Infrastructure)	1,334	70	-	70	35	70	-	-	-	-
Total	5,470	2,515	-	2,515	2,005	2,947	(432)	-	-	(432)

Commentary

Adult Social Care is forecasting a £2.9m expenditure against a net approved programme of £2.4m for PID approved projects.

Agewell - Minor additional works required on the construction site has increased to £10K; to be spent in advance from its 2010/11 budget.

Pembury Road - Since the Mid Term Review the work of the project team with the provider has progressed at such a rate that the project will be spending £426K in advance of the 2010/11 budget.

Table 6 - Chief Executives

Net Programme

Project	Original Programme	Programme at Mid Term Review	Approved Variations	Revised Total Provision	Actual to Date	Forecast	Variation from Total Provision	Analysis of variation		
	£000	£000	£000	£000	£000	£000	£000	(Over) or Underspend £000	Slippage to Future Year £000	Accelerated Expenditure £000
PID approved projects										
New Archive and Record Office - "The Keep" - phase 1	73	322	-	322	117	540	(218)	-	-	(218)
Bridies Tan Traveller Site	200	804	-	804	739	804	-	-	-	-
<i>Bridies Tan Traveller Site GOSE Grant</i>	(200)	(764)	-	(764)	-	(764)	-	-	-	-
<i>CERA - Sustainable Buildings</i>	-	-	-	-	-	-	-	-	-	-
Travellers Sites Swan Barn	-	115	-	115	70	115	-	-	-	-
<i>GOSE Grant</i>	-	(115)	-	(115)	-	(115)	-	-	-	-
Library Refurbishment Programme	270	140	-	140	7	140	-	-	-	-
Total PID Approved Projects	343	502	-	502	933	720	(218)	-	-	(218)
Projects requiring PID approval	2,820	502	-	502	323	502	-	-	-	-
Total	3,163	1,004	-	1,004	1,256	1,222	(218)	-	-	(218)

Commentary

Chief Executives is forecasting £720K expenditure against a net approved programme of £502K for PID approved projects.

The pace of the stage D design work for The Keep has accelerated in line with the moving forward of the planning application cycle. This has resulted in work due to begin in April 2010 now being completed in March 2010. This has been agreed by the project board and will result in spending £218K in advance of the 2010/11 budget.

Table 7 - Children's Services

Net Programme

Project	Original Programme	Programme at Mid Term Review	Approved Variations	Revised Total Provision	Actual to Date	Forecast	Variation from Total Provision	Analysis of variation		
								(Over) or Underspend	Slippage to Future Year	Accelerated Expenditure
								£000	£000	£000
PID approved projects										
Bexhill High BSF	24,307	22,500	-	22,500	11,405	22,500	-	-	-	-
<i>Grant</i>	(24,307)	(22,399)	-	(22,399)	(4,722)	(22,399)	-	-	-	-
Early years, children's centres and extended schools	4,000	4,571	-	4,571	1,852	4,571	-	-	-	-
<i>Grant</i>	(7,721)	(4,571)	-	(4,571)	(2,302)	(4,571)	-	-	-	-
BSF Feasibility in all Secondary Schools	27	69	-	69	62	84	(15)	-	-	(15)
Primary Capital Programme Feasibility	200	120	-	120	105	198	(78)	-	-	(78)
Stafford	-	-	-	-	16	16	(16)	(16)	-	-
Other Projects	5,790	2,797	-	2,797	3,143	2,797	-	-	-	-
Schools Delegated Capital	7,331	8,459	-	8,459	6,508	8,459	-	-	-	-
<i>Income</i>	(7,331)	(8,459)	-	(8,459)	(6,560)	(8,459)	-	-	-	-
<i>External Contributions</i>	-	-	-	-	-	-	-	-	-	-
Total PID Approved Projects	2,296	3,087	-	3,087	9,507	3,196	(109)	(16)	-	(93)
Projects requiring PID approval	2,540	1,213	100	1,313	(3,864)	1,322	(9)	-	-	(9)
Total	4,836	4,300	100	4,400	5,643	4,518	(118)	(16)	-	(102)

Commentary

Children's Services is forecasting net expenditure of £3.2m against a revised net approved programme of £3.1m.

BSF Feasibility in all Secondary Schools is spending £15k in advance on consultants fees after a more accurate reprofiling.

The programme feasibilities for the Primary Capital Programme have been profiled more accurately resulting in accelerated spend of £78K.

The final account is still in negotiation on the Stafford project and is currently forecasting an overspend of £16K due to design modifications. There is a risk that the overspend will increase, but Children's Services are looking at ways to finance this.

There is a risk that the Frant PCP project will be delayed because of a possible planning objection. The full implications are not yet known.

Table 8 - Corporate Resources

Net Programme

Project	Original Programme	Programme at Mid Term Review	Approved Variations	Revised Total Provision	Actual to Date	Forecast	Variation from Total Provision
	£000	£000	£000	£000	£000	£000	£000
PID approved projects							
NGN - Invest to Save Scheme & NGN Contingency	262	1,208	-	1,208	590	1,208	-
Microsoft Office	388	456	-	456	378	431	25
ICT Network Resilience	757	638	-	638	34	638	-
Hub Office Developments	350	200	-	200	13	17	183
Building Maintenance and Backlog Reduction	2,300	2,532	-	2,532	1,873	2,532	-
Sustainable Building Design for Capital (CPT 2.6e)	350	219	32	251	-	210	41
<i>CERA Contributions</i>	-	-	(132)	(132)	-	(132)	-
Other Projects	1,807	1,184	-	1,184	693	1,184	-
Total PID Approved Projects	6,214	6,437	(100)	6,337	3,581	6,088	249
Projects requiring PID approval	-	-	-	-	-	-	-
Total	6,214	6,437	(100)	6,337	3,581	6,088	249

Analysis of variation		
(Over) or Underspend	Slippage to Future Year	Accelerated Expenditure
£000	£000	£000
-	-	-
-	25	-
-	-	-
-	183	-
-	-	-
-	41	-
-	-	-
-	249	-
-	-	-
-	249	-

Commentary

Corporate Resources is forecasting £6.1m expenditure against a net approved programme of £6.3m. All PIDs have now been approved for the current year.

During October and November Microsoft office has been reviewed for the end of the first year milestone. This has resulted in £25K slippage into 2010/11 due to reprofiling across financial years.

Due to issues around the Beaconwood lease the project is forecasting slippage of £183K into 2010/11.

Sustainable Building Design for Capital Projects is slipping £41K into 2010/11. This is due to insufficient projects being identified before year end.

Table 9 - Transport & Environment

Net Programme

Project	Original Programme	Programme at Mid Term Review	Approved Variations	Revised Total Provision	Actual to Date	Forecast	Variation from Total Provision
	£000	£000	£000	£000	£000	£000	£000
PID approved projects							
Bexhill & Hastings Link Road - Pre Approval	954	5,370	-	5,370	3,394	5,370	-
Bridge Assessment Strengthening	-	1,205	-	1,205	535	1,205	-
Land Compensation	-	31	-	31	-	11	20
Eastern Area Highways Depot	-	40	-	40	9	40	-
Cuilfail Tunnel Refurbishment	1,300	1,599	-	1,599	1,016	1,599	-
<i>Grant</i>	(1,300)	(1,300)	-	(1,300)	(494)	(1,300)	-
Integrated Transport - LTP plus Externally Funded	(129)	518	-	518	1,148	668	(150)
LTP Structural Maintenance	8,775	8,971	(41)	8,930	6,211	8,930	-
Speed Management	579	529	5	534	144	510	24
Local Safety Schemes & Minor Works - LTP	1,040	1,075	30	1,105	458	1,075	30
Other Projects	1,755	1,147	6	1,153	1,050	1,153	-
Total PID Approved Projects	12,974	19,185	-	19,185	13,471	19,261	(76)
Projects requiring PID approval	5,531	-	-	-	(128)	-	-
Total	18,505	19,185	-	19,185	13,343	19,261	(76)

Analysis of variation		
(Over) or Underspend	Slippage to Future Year	Accelerated Expenditure
£000	£000	£000
-	-	-
-	-	-
-	20	-
-	-	-
-	-	-
-	-	(150)
-	-	-
-	24	-
-	30	-
-	-	-
-	74	(150)
-	-	-
-	74	(150)

Commentary

A full commentary on the reasons for all Variations and actions planned to deal with them is available in Table 10 overleaf.

Table 10 - Transport and Environment - Further Detail on Slippage , Overspends and Actions

Transport & Environment is forecasting £19.26m net expenditure against a net approved programme of £19.19m for PID approved projects giving a variance of £76,000. This variance includes expenditure in advance of £150,000 on Integrated Transport, £54,000 slippage in Local Safety and Speed Management schemes and £20,000 slippage in Land compensation payment. Slippage of £37,000 on the Newhaven Household Waste Recycling Site project will be matched by slippage in the Waste Performance Efficiency Grant. There is a low risk of planning permission not being granted in time for completion of land purchase by year end which would mean additional slippage of £496,000 to 2010/11.

The contractors are now back on site at the Cuilfail Tunnel project and the plan is to finish the works at the end of January 2010, so the risk of slippage into 2010/11 is minimal. All parties are aware that it is imperative that these works are completed in 2009/10 to avoid loss of government grant.

There are risks of slippage around some of the other projects. Speed Management and Local Safety Schemes have challenging programmes and there are risks of further slippage in the region of £0.144m. This slippage could occur if there are objections to Traffic Regulation Orders or if there is bad weather this winter, as warmer weather is needed to complete the final lining, surfacing etc.

Expenditure in advance	Commentary	£	£
Integrated Transport	The overall net expenditure in advance is expected to be £150,000, mainly on the following projects: Works to the A265/A267 junction at Heathfield includes £64,000 for extra works on site including additional works to rectify poor condition of drainage under the carriageway, additional weekend working to make up for delays caused by utility companies, and additional traffic management required on site. Developer contributions for the Living Cliffe Lewes project were over-estimated, leaving an overspend of £19,000. An additional £60,000 is being allowed for the risk of a potential shortfall of income from Hastings Borough Council to fund work completed on schemes at Kings Road and Pelham to Rock a Nore Pedestrian Route. Discussions are ongoing with HBC about the final account for the works and are expected to reach an agreement early in the last quarter. Also, an invoice received from Amey for environmental assessments completed on the Rye Harbour Road Cycle Route in 2007/08 for £7,000 has been received which had not been allowed for. This is being investigated with a view to disputing it but is likely to have to be paid. T&E are currently in talks with May Gurney to agree an early contractor involvement arrangement to be implemented from 2010/11. This should give us greater certainty in our cost estimates and reduce unforeseen overspends, where additional works are not discovered until the contractor is on site.	150,000	
Total expenditure in advance			150,000

Slippage	Commentary	£	£
Speed Management	Slippage of £24,000 is expected. This is largely due to revisions to final costs following final designs of various schemes, mainly Maynards Green (£26,000 reduction as the use of bolt-down traffic islands avoids the need to widen carriageways) and A267 Five Ashes (£10,000 fewer measures required following extension of Parish Council's streetlighting system) plus other minor adjustments (+£4,000). Also Netherfield scheme has been revised following public consultation (£5,000) and a new scheme is to be completed at Chiddingly and Muddles Green which was not included in the mid-term review (£2,600).	24,000	
Local Safety Schemes & Minor Works - LTP	Slippage of £30,000 is expected. This is due to pulling of Harley Shute Road scheme from current year programme pending outcome of Link Road enquiry (£25,000), plus minor revisions to various schemes following final designs or completion (£5,000).	53,000	
Land Compensation	Slippage of £20,000 is expected. Whilst two of the five pending Part 1 compensation claim Lands Tribunal case hearings from the A22 Dualling scheme have been dropped, there are still three outstanding that have been delayed due to the serious illness of the surveyor representing the claimants. He is now back at work but by the time the hearings have been arranged it is likely to be the end of the financial year, thus any payments will not be made until around the middle of 2010.	20,000	
Newhaven Household Waste Recycling Site	Slippage of £37,000 is expected. Land purchase is expected to be completed just prior to year end, so construction will not start until next financial year. This expenditure is to be funded by the Waste Performance Efficiency Grant, therefore use of this grant would be slipped in line with expenditure.	37,000	
<i>Waste Infrastructure Capital Grant</i>		<i>(37,000)</i>	

Total Slippage			97,000
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Awaiting PID Approval - Slippage	Commentary	£	£
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Leachate Management Project	Slippage of £65,000 is expected. A delay in the initial feasibility report, mainly due to absence of staff from Atkins and Southern Water which delayed some data required for the study, means that the tender will not be advertised until early in the next calendar year. The bulk of the spend on this project is on road works and build of the plant, all of which is now in the next financial year. This expenditure is to be funded by the Waste Performance Efficiency Grant, therefore use of this grant would be slipped in line with expenditure. The PID for this project is with the project sponsor for approval.	65,000	
<i>Waste Performance Efficiency Grant</i>		<i>(65,000)</i>	

Appendix E

Monitoring of Savings 2009/10

	Budget	Current Forecast	Variation
	£000	£000	£000
Efficiency Savings (all cashable)			
Adult Social Care	4,270	3,977	-293
Chief Executive	208	593	385
Children's Services	914	2,704	1,790
Corporate Resources	54	425	371
Transport & Environment	660	749	89
A Total Efficiency Savings (NI 179)*	6,106	8,448	2,342
Income Generation			
Adult Social Care	0	0	0
Chief Executive	105	105	0
Children's Services	25	25	0
Corporate Resources	100	100	0
Transport & Environment	50	50	0
B Total Income Generation Savings	280	280	0
All Other Savings			
Adult Social Care	0	0	0
Chief Executive	185	185	0
Children's Services	0	0	0
Corporate Resources	127	127	0
Transport & Environment	477	477	0
C Total Other Savings	789	789	0
D Total savings	7,175	9,517	2,342

* NI 179 is the National Indicator for "value for money".
NI 179 measures the achievement of cashable efficiency savings on an annual basis.

Departmental Commentaries

Adult Social Care

The total Adult Social Care revised cashable savings target for 2009/10 is £3.977m. At this stage of the year, it is anticipated that these savings will be achieved.

Chief Executive

Monitoring to date indicates that the department will achieve all of their targeted savings, but there is a delay to the roll out of the e-recruitment system as the supplier's software is not yet website compliant

Children's Services

The Department has identified a total of £2.7m efficiency savings to be delivered in 2009/10 of which £1.69m is expected to be ongoing. The one-off savings are mainly to address new budget pressures that have arisen during the year and the recovery plan is reflected in the budget monitoring report. The majority of the savings will be from holding non-essential staff vacancies while still maintaining delivery of core services.

All the efficiency savings are expected to be achieved apart from £250,000 on Home to School Transport where planned efficiencies in contracting of services have not materialized.

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 2009/10 is £1,187,000, including £660,000 cashable efficiency savings and further £527,000 of other cashable savings. An additional £60,000 of cashable revenue efficiency will be achieved within Passenger Transport through further contract review and a move away from vehicle ownership. Cashable savings are also made against the capital programme, with scheduled external contributions of £700,000 saving an estimated £29,000 in borrowing costs.

Major efficiencies are planned within Highways through operational efficiencies (client and contract costs) and a move towards a greater proportion of planned maintenance representing better value for money and reduced whole life costs. In addition, efficiencies are planned in terms of mileage and overtime costs across the department.

At this stage all budgeted savings are forecast to be achieved, with the exception of £20,000 efficiency savings in data monitoring (income), which has been affected by the economic downturn. This loss will be compensated for (at least) by increased efficiency savings in passenger services.

Balance Sheet Items

Key Balance Sheet Information - A Balance Sheet provides details of an organisation's assets and liabilities at a fixed point in time, for example, the end of the financial year or other fixed accounting periods. Traditionally local authorities have only produced a Balance Sheet on an annual basis and have managed Key Balance Sheet issues through other methods. However, under the new Comprehensive Area Assessment (CAA) arrangements there is a greater emphasis on demonstrating effective management of the Balance Sheet. The Audit Commission's preferred option is the production of Interim Balance sheets throughout the year. In my opinion this option is neither practical nor beneficial as a Local Authority Balance Sheet includes a large number of "notional" valuations for the Council's fixed assets, fair value for financial instruments, and pension liabilities. It is therefore more appropriate to monitor the key cash based Balance Sheet items and these items are summarised below: -

1. Debtors

The table below shows the Council' debtors and how the level of debtors has moved over the past 8 months.

	2008/09 31/03/2009		2009/10 30/11/2009	
	£000	%	£000	%
Total debtors outstanding	10,935		8,714	
Over 5 months	1,233	11.28%	2,441	28.01%
PCT debt - <i>note a</i>	1,174		1,405	
Pending write-offs and cancellations - <i>note b</i>	68		108	
Provision for bad debt - <i>note c</i>	457		699	

Department	31/03/2009		31/10/2009	
	Amount £000	%	Amount £000	%
Debt aged 5 - 12 months:-				
Adult & Social Care	682	94	1,764	92
Chief Executive	1	-	-	-
Corporate Resources	9	1	79	4
Transport & Env. (<i>incl. SDJC</i>)	22	3	64	3
Children Services	11	1	17	1
Sub-Total	725		1,924	

Debt over 1 yr. (<i>all depts</i>)				
Adult & Social Care	339	67	333	64
Chief Executive	-	-	-	-
Corporate Resources	114	22	130	25
Transport & Env. (<i>incl. SDJC</i>)	40	8	39	8
Children Services	15	3	15	3
Sub-Total	508		517	

Total	1,233		2,441	
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Note a – ASC PCT debt is £2,492,956.98 however in addition we are holding overpayments totalling £1,088,322.09 therefore together with the o/s Children's PCT of £60.00 and the Chief Execs of £160.00 the balance re PCT is £1,404,794.89.

Note b – This represents debts which are awaiting write-off and cancellation authorisation. Write-off of debts over £2,500 are approved annually by the Lead Member for Corporate Resources.

Note c - Since last month there has been an increase in the ASC debt between 5-months and 12-months. There are currently 3 PCT debts totalling £1,536k being chased with Sussex Downs and Weald PCT. These are currently in query with the PCT, discussions are ongoing as a resolution is sought. PCT's aside ASC debts is complex and time consuming to collect. To address the difficulties and to identify areas of improvement in our processes a monthly focus meeting is held by CRD, ASC and Legal. Improvements to the initial financial assessment process and information gathering at this time have been implemented. A review of the current legal recovery processes is underway. This will remain a priority area of focus for the coming months.

2. Payments to Creditors

The Council's 2009/10 target for paying invoices within terms is 90%. We are, up to the end of November 2009, paying 92% on time (89% in 2008/09).

Description	% Paid Promptly			Average Payment days	
	2008/09	November	Year to date	November	Year to date
Non-SME invoices only	89	96	94	20	21
10 Days SME only	-	88	81	11	13

3. Long Term Borrowing

The Treasury Management Strategy provides the framework for managing the Council's borrowing requirement. At 31 March, 2009, the majority of the Council's external debt was held as Long term loans. No new PWLB borrowing has taken place since April 2009 and is unlikely in the current climate unless long term PWLB rates reach a very low level (where the long term benefit would exceed the short term costs). The County Council's long term borrowing at 31 March 2009 currently stands at £264.2m, (PWLB of £251.3m, and Money Market Loan of £12.9m). Instead of external borrowing "internal borrowing" is taking place which reduces our cash holdings.

Following the County Council meeting on 8 December 2009, ESCC amended Treasury Management Strategy was approved. No changes are proposed for the approved counterparties used for investment. It is now considered appropriate to increase the maximum sum that could be lent to ESCC approved counterparties and any AAA rated money market fund to £60m (from £40m) with no overall limit for the total maximum investment in these institutions (was £200m). The maximum period of any deal will remain unchanged at 3 months.

4. Long Term Investment

Changes to Treasury Management Strategy approved by County Council and implemented in December will have a significant impact on the investment income received and a minimal and acceptable impact on risk. For example, at the end of October the DMADF was paying 0.25% pa on funds invested with them for all periods from overnight to three months compared to rates of between 0.5% pa (overnight) to over 1% pa on three month deposits with banks on our approved list.

5. General Balances

As part of having a robust budget monitoring process, it is important for the Council to monitor a target range of acceptable level of general balances especially given the nature of the financial risks faced in 2009/10 and beyond.

General Balances – Target Balance

Indicator	Target Balance		Currently Projected Balance October	
	%	£m	%	£m
1 County Fund (2.25% of net expenditure)	2.25	7.4	2.34	7.7
2 School balances	n/a	10.4	n/a	10.4