

Report to: **Cabinet**

Date: **27 July 2010**

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

Title of report: **Budget Monitoring 2010/11**

Purpose of report: **To provide an update on the 2010/11 budget monitoring position as at 31 May 2010.**

## RECOMMENDATIONS

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

### 1. Financial Appraisal and Commentary

- 1.1 To successfully manage risks, and to avoid last quarter surprises, it is vital that we continue to improve the quality of financial and other non-financial information included in this report and that Chief Officers commentaries highlight not just the real and potential variations (risks) but also what actions are being taken or planned to manage these variations.
- 1.2 We are all aware that the financial squeeze facing East Sussex County Council and the rest of Local Government is going to be extremely difficult. The Government announcement of in year cuts in the specific grants will have a major impact for departments, which is only the start and more general funding cuts are expected for next year and beyond.
- 1.3 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 during the financial year if circumstances necessitate this, taking into consideration the potential significant impact of any new Government's decisions locally.
- 1.4 This report highlights variations and risks of a material nature, which potentially would have an impact on the overall financial position of the Council. Ongoing issues includes:
- Pressures on Adult Social Care services, which reflects the needs of service users, and the department is taking actions to ensure services continue to be delivered within resources.
  - Children services risks associated with potential numbers of agency placements. An early indication based on previous year's patterns is that the number of agency placements will continue to rise and the additional cost pressure could be in the region of £700,000.

### 1. Revenue Budget

Description	Projected Outturn		Movement £000
	April £000	This report £000	
<b>Revenue (see para 2.1 below):</b>			
Service Spend (excl DSG Related)	-	(1,248)	(1,248)
Treasury Management, etc.	-	-	-
<b>Total (excl DSG Related)</b>	-	<b>(1,248)</b>	<b>(1,248)</b>
DSG Related (i.e., Schools)	-	-	-
<b>Total (incl DSG Related)</b>	-	<b>(1,248)</b>	<b>(1,248)</b>

*Note: X = Underspend; (X) = Overspend*

- 2.1 Appendix A sets out the overall position, and more detailed departmental information is contained in Appendix B. This is the first projected outturn report of the current financial year.

2.2 At this stage, Children Services is projecting an overspend of £841,000, which is due to Children's Integrated Services forecast overspend of £320,000, relating to agency social work staff who will be in post until July/Aug, and Looked After Children forecast overspend of £338,000, mainly due to the additional staffing costs. Adult Social Care indicates an overall projected overspend of £564,000, which is mainly due to the pressure within the Independent Sector Care budgets, especially for Older People, and the continuing rise in the level of referral and assessment activity. Both departments are developing appropriate contingency saving plans.

2.3 No other departments have significant variances.

2.4 **Money Market and Interest Earnings:** Continuing volatility alongside a frozen base rate may result in a continued pressure on the treasury management budget. While this budget is currently showing a breakeven position, further updates will be provided within future budget monitoring reports.

## **2. Implication for future years and the Medium Term Financial Plan (MTFP)**

3.1 Excluding issues raised in Para 1.1 above, no ongoing key issues and risks have been identified in Appendix B (attached). Any such items would need to be addressed in each directorate MTFP for 2010/11 – 2012/13. Directorates are encouraged to regularly assess the impact of departmental variances highlighted on their respective MTFP.

## **4. Savings including Value for Money (NI 179) forecast Efficiency Savings**

4.1 The "forward-look 2009/10" NI 179 submission to CLG of efficiencies identified savings of £8.465m. The County Council is currently concluding its "backward-look 2009/10" submission to CLG. However, based upon year end monitoring figures, the 2009/10 target should be achieved. For 2010/11, budgeted efficiency savings totalled £11.084m which are currently forecast to be achieved.

## **5. Capital Programme**

5.1 Appendix C 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 There is a net variation to the capital programme of £1.1m against a net approved programme of £35.9m. This variation is mainly the result of £1.4m slippage on the LD Extra Care Project, Firstfields & Extra Care Supported Accommodation within ASC. The slower than anticipated progress on these projects is due to the current national financial position and the impact this is having, and will have in the future, on partnering arrangements within developments. This has been partially offset by some overspends, all of which departments are looking to manage within their current programmes.

5.3 More generally, external grant funding uncertainty is necessitating a very close and almost continual review of capital scheme in-year.

## **6. Balance Sheet Management**

6.1 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 D.

## **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 2010/11.

## 2009/10 Revenue Budget Monitoring Summary

Appendix A

Revenue Budget Monitoring May 2010	Original Estimate +Approved Transfers	Projected Outturn	Variations to Outturn	Not Carried Forward	Carried Forward
	£000	£000	£000	£000	£000
<b>Net Expenditure</b>					
Adult Social Care	171,873	172,437	(564)	-	(564)
Governance and Community Services	18,172	18,137	35	-	35
Children's Services					
- Children's Services Authority	90,881	91,695	(814)	-	(814)
- Schools Budget	-	-	-	-	-
Corporate Resources	14,618	14,523	95	-	95
Transport & Environment	41,560	41,560	-	-	-
Waste Management	27,960	27,960	-	-	-
<b>Departmental Total</b>	<b>365,064</b>	<b>366,312</b>	<b>(1,248)</b>	-	<b>(1,248)</b>
Reversal of capital charges, levies, Treasury Management, etc.	5,968	5,968	-	-	-
<b>TOTAL FOR YEAR c/d</b>	<b>371,032</b>	<b>372,280</b>	<b>(1,248)</b>	-	<b>(1,248)</b>

<b>TOTAL FOR YEAR b/d</b>	<b>371,032</b>	<b>372,280</b>	<b>(1,248)</b>
Income from the Collection Fund fund 10/11	(16)	(16)	-
Income from LABGI to fund 10/11 one offs	(156)	(156)	-
Further underspend c/f to next year	-	(1,248)	1,248
<b>Total Net Expenditure</b>	<b>370,860</b>	<b>370,860</b>	-
Transfers to / (from) Balances	-	-	-
<b>NET BUDGET REQUIREMENT</b>	<b>370,860</b>	<b>370,860</b>	-
<b>Financed From</b>			
Revenue Support Grant	12,695	12,695	-
Non-Domestic Rates	87,423	87,423	-
Council Tax	237,772	237,772	-
Adjustments for earlier years	(682)	(682)	-
Area Based Grant (ABG)	33,652	33,652	-
	<b>370,860</b>	<b>370,860</b>	-

Balances	Planned	Projected	Variation
	£000	£000	£000
Opening	7,664	7,541	(123)
Added / (withdrawn) during the year	-	-	-
<b>Closing</b>	<b>7,664</b>	<b>7,541</b>	<b>(123)</b>

Monitoring of Balance at 31 March 2009	
	£000
Net expenditure estimate	334,220
Target balance (2.25% of net expenditure)	7,520
Projected balance (table above)	7,541
Percentage of net expenditure	2.26

## 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	101,880	(25,305)	76,575	103,929	(26,330)	77,599	(2,049)	1,025	(1,024)
Physical Disabilities	23,730	(2,878)	20,852	23,802	(2,865)	20,937	(72)	(13)	(85)
Learning Disabilities	52,531	(16,757)	35,774	52,253	(16,841)	35,412	278	84	362
Mental Health	17,825	(2,840)	14,985	17,696	(2,860)	14,836	129	20	149
Other Adults	5,741	(274)	5,467	5,741	(274)	5,467	-	-	-
Management and Support	20,771	(3,056)	17,715	20,748	(3,067)	17,681	23	11	34
Service Strategy	505	-	505	505	-	505	-	-	-
<b>Total</b>	<b>222,983</b>	<b>(51,110)</b>	<b>171,873</b>	<b>224,674</b>	<b>(52,237)</b>	<b>172,437</b>	<b>(1,691)</b>	<b>1,127</b>	<b>564</b>

## 2 Cost Drivers and Unit Costs / Key Indicators

	2009/10 Actual	2010/11 Target	As at May '10	Comments																																
Delayed Transfers of Care (DTC) NI 131	14.7	< 16	16.4	<p>The 4 weeks of May 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>22</td> <td>47</td> <td>69</td> </tr> <tr> <td>Week 2</td> <td>23</td> <td>43</td> <td>66</td> </tr> <tr> <td>Week 3</td> <td>25</td> <td>34</td> <td>59</td> </tr> <tr> <td>Week 4</td> <td>27</td> <td>45</td> <td>72</td> </tr> </tbody> </table> <p>The above reflects <b>all</b> delayed transfers of care. The table below shows <b>acute delays only</b>. Acute delays due to ASC reasons have been maintained consistently at a low level.</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>8</td> <td>28</td> <td>36</td> </tr> <tr> <td>Week 2</td> <td>6</td> <td>22</td> <td>28</td> </tr> </tbody> </table>		ASC	Non ASC	Total	Week 1	22	47	69	Week 2	23	43	66	Week 3	25	34	59	Week 4	27	45	72		ASC	Non ASC	Total	Week 1	8	28	36	Week 2	6	22	28
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## Adult Social Care: Revenue Budget Analysis and Commentary

				Week 3	6	18	24
				Week 4	5	25	30
NI 125 – Achieving independence for Older People through rehabilitation / intermediate care	85.5%	85%	86.4%	Target is currently being exceeded.			
NI 136 – People supported to live independently through social services (all adults per 100,000 population)	3,537.59	3,800	3,583.77	Performance against NI 136 continues to increase.			
NI 130 – Social Care clients receiving Self Directed Support (as a percentage of service users receiving community based and carers specific services)	19.98%	30%	21.5%	The number of service users in receipt of direct payments will continue to increase as Personal Budgets are made available through “Putting People First”.			
NI 135 - Carers receiving needs assessment or review & a specific carers service, or advice or information (as a percentage of service users receiving community based services)	23.31%	22%	20.95%	Progress towards the target, set within the LAA, is being made.			

### 3 Summary of 2010/11 position

The financial position at the end of May 2010 shows an overall projected outturn overspend for Adult Social Care of £564,000. In reporting this position early in 2010/11, the department is recognising the pressure within the Independent Sector Care budgets, especially for Older People, and the continuing rise in the level of referral and assessment activity. The overspend within Independent Sector Care budgets is projected at £1.654m, which represents 1.5% of the net Independent Sector Care budget of £108m. This pressure is being partially offset by the projected underspends within Directly Provided Services of £1.090m. The pressure on services will continue, reflecting the demography of East Sussex and the needs of service users, and the department is taking the necessary actions to develop and redefine services to ensure that services continue to be delivered within resources.

Adult Social Care: Revenue Budget Analysis and Commentary

4 Detailed comments on 2010/11 outturn projection

**Older People**

The projected overspend on Older People’s Services of £1.024m comprises an overspend of £1.631m on the provision of Independent Sector Care offset by an underspend of £607,000 within directly provided services, primarily due to staff vacancies.

**Learning Disabilities**

The projected underspend of £362,000 comprises £172,000 within Independent Sector Care and £190,000 within directly provided services.

**Mental Health**

The projected underspend of £149,000 reflects an overspend of £83,000 within Independent Sector Care which has been offset by an underspend of £234,000 in directly provided services, arising from staff vacancies.

**Pooled Budgets**

There are currently two pooled budgets for which Adult Social Care is the host authority, the current projected outturn position is summarised below:

	2010/11 Budget			2010/11 Projected Outturn			2010/11 ESCC Liability	2010/11 PCTs’ Liability
	ESCC	PCTs	Total	ESCC	PCTs	Total	Total	Total
	£’000	£’000	£’000	£’000	£’000	£’000	£’000	£’000
Integrated Community Equipment Service	1,693	1,693	3,386	1,693	1,693	3,386	-	-
Care for the Carers	327	269	596	327	269	596	-	-
<b>Total</b>	<b>2,020</b>	<b>1,962</b>	<b>3,982</b>	<b>2,020</b>	<b>1,962</b>	<b>3,982</b>	-	-

## 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
Executive Support Office	1,330	-	1,330	1,330	-	1,330	-	-	-
Communications	1,262	(84)	1,178	1,262	(84)	1,178	-	-	-
Economic Development & Comm Servs	5,763	(2,267)	3,496	5,728	(2,267)	3,461	35	-	35
Libraries & Culture	9,492	(1,986)	7,506	9,492	(1,986)	7,506	-	-	-
Personnel & Training	6,779	(6,389)	390	6,779	(6,389)	390	-	-	-
Law	6,277	(3,866)	2,411	6,277	(3,866)	2,411	-	-	-
Management & Resources	2,891	(1,030)	1,861	2,891	(1,030)	1,861	-	-	-
<b>Total</b>	<b>33,794</b>	<b>(15,622)</b>	<b>18,172</b>	<b>33,759</b>	<b>(15,622)</b>	<b>18,137</b>	<b>35</b>	<b>-</b>	<b>35</b>

## 2 Cost Drivers and Unit Costs / Key Indicators

Active Cases	2009/10	2010/11 Estimate	Actual	Comments
Number of items added to library stock				The spend on library stock items is expected to come in on budget

## 3 Departmental Commentary

The department is projecting a small underspend of £35,000.

The Community Safety team's three year investment plan assumes that £75,000 will be carried forward to next year and this is not affected by the recent cut in grants received. Seaford Adult Learning Centre will close in July and is expected to overspend by £40,000. The financial implications of the current single status review in the Library and Registration services are not yet known and could have an impact.

## 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 & Young Peoples Trust	1,290	(829)	<b>461</b>	1,257	(829)	<b>428</b>	33	-	<b>33</b>
Children and Families	83,727	(8,881)	<b>74,846</b>	84,438	(8,881)	<b>75,557</b>	(711)	-	<b>(711)</b>
Learning and School Effectiveness	87,151	(56,611)	<b>30,540</b>	87,068	(56,611)	<b>30,457</b>	83	-	<b>83</b>
Resources excl DSG	26,344	(3,482)	<b>22,862</b>	26,531	(3,482)	<b>23,049</b>	(187)	-	<b>(187)</b>
DSG	-	(276,035)	<b>(276,035)</b>	-	(276,035)	<b>(276,035)</b>	0	-	<b>0</b>
Planning & Performance Management	3,274	(557)	<b>2,717</b>	3,306	(557)	<b>2,749</b>	(32)	-	<b>(32)</b>
Schools Delegated Budgets	299,986	(64,496)	<b>235,490</b>	299,986	(64,496)	<b>235,490</b>	0	-	<b>0</b>
<b>Total</b>	<b>501,772</b>	<b>(410,891)</b>	<b>90,881</b>	<b>502,586</b>	<b>(410,891)</b>	<b>91,695</b>	<b>(814)</b>	-	<b>(814)</b>

## 2. Schools/CSA Summary

2. Schools/CSA Summary	Schools Budget	CSA Budget	Total
<b>Forecast outturn variances</b>			
	£000	£000	£000
Children & Young Peoples Trust	-	33	<b>33</b>
Children and Families	-	(711)	<b>(711)</b>
Learning and School Effectiveness	-	83	<b>83</b>
Resources excl DSG	-	(187)	<b>(187)</b>
Planning & Performance Management	-	(32)	<b>(32)</b>
Schools Delegated Budgets	-		<b>0</b>
<b>Total</b>	-	<b>(814)</b>	<b>(814)</b>
<b>Previously reported</b>	-		<b>0</b>
<b>Change since last report</b>	-	<b>(814)</b>	<b>(814)</b>

## Children's Services: Revenue Budget Analysis and Commentary

## 3. Cost Drivers and Unit Costs / Key Indicators

Active Cases	2009/10	2010/11 Budget	Actual average for year	Comments
Education Agency Placements per annum	190	198	193	Current forecasts indicate at the moment the full year expenditure to be below budget this is unlikely to be the case given the volatility of the budget and new placements inevitably cost most than those that come out of agency.
Education Recoupment Numbers per annum	113	80	80	Current numbers are within budget tolerance levels.
Fostering – average weekly total cost	£90,666	£109,390	£101,623	Actual average is less than the budget but it is expected that the numbers will increase
Adoption – average weekly total cost	£12,949	£12,949	£12,715	Actual average is currently in line with the budget
Lansdowne Secure Unit total beds Charged to Other Local Authorities – weekly numbers	4.26	4.08	3.03	Actual average is below the average needed to break even. The budget forecast uses the managers average of 4
Parent & Baby Agency Placements-ave. no of weeks per month	21	21	27	Actual average is greater than the budget. Risk of overspend of between £200k-£400k, as 33% of budget is already committed in first 2 months of the year
Parent & Baby in-house placements-ave. no. of weeks per month	9	9	10	Actual average is currently in line with the budget
Residence Orders-ave. no. of children per month	111	158	130	Actual average is less than the budget but it is expected that the numbers will increase

## Children's Services: Revenue Budget Analysis and Commentary

### 4 Departmental Commentary

The departments predicted outturn shows a net over spend of £814,000 all on the CSA budget.

#### CSA Budget

The CSA budget is over spent by £814,000. The key areas are:

- (i) Children's Integrated Services – The over spend of £320,000 is mainly due to agency social work staff who will be in post until July/Aug, when new permanent recruits are expected to start .
- (ii) Looked After Children – This is over spent by £338,000 and is due to the following:-
  - a. The additional cost of adoption panels - £38,000.
  - b. Lansdowne Secure - £101,000. Due to staffing and premises pressures and the loss on income on external placements. Occupancy is averaging just over three external occupants for the first two months, however the predicted outturn assumes a return to an break even occupancy rate of four for the rest of the year.
  - c. Residential homes - £69,000. Staffing within residential homes is over spent as the homes cannot run legally without a full staff complement; cover arrangements are currently in place. At the present time there is further pressure as a “waking night” worker has to be employed to deal with a specific client, this is over an above the normal staffing levels.
  - d. Contact Service - £130,000. Within the Looked After Children contact service there is a pressure on the staffing budget due to agency workers in place. The service is being streamlined in June which subsequently will reduce the need for agency staff.
- (iii) Admissions & Transport – Post 16 transport is anticipated to over spend by £114,000 as there is an increase in students applying and qualifying for assistance. This is partly due to the economic down-turn and more young people remaining in education and training.
- (iv) Disability services - is predicted to over spend by £253,000, comprising increases in incremental drift £47,000, direct payment to clients £73,000 and respite units operating at full capacity £133,000.
- (v) Contracts Management – is predicted to over spend by £223,000 is due to the following:-
  - a. One additional courier run to primary schools per week - £38,000 per annum.
  - b. The CBOSS recharge - £60,000. In previous financial years has been offset by a rebate on insurance recharges. This ceased on 31.03.10.

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

- c. Legal and Counsels Fee social care cases £70,000. The forecast is based on the current activity and assumes on budget for the remainder of the year. This relates to social care cases in the main and will need to be reassessed as more activity data becomes available.
- d. PFI - £55,000. Is predicted to over spend due to contract cost increasing above the budgeted level of inflation.

These variances are offset by:

- (vi) Fostering and Agency - an under spend of £282,000 on placements. At the time of budget setting 3 options were presented to SMT. The option chosen was based on a reduction of in-house capacity but assumed an additional 24 agency placements. At this time the number of agency places is below there assumption.
- (vii) Hastings Federation - under spend of £69,000 due to re-profile of payments to 2011/12.
- (viii) Net effect of other minor variances is a £83,000 under spend.

**Risks**

While departmental managers are currently indicating that pressures will be managed within budgets, there are a number of high risk areas which are dependent on factors which may not be easily controlled. In particular, there are risks associated with potential numbers of agency placements. Early indications based on previous year's patterns the potential number of agency placements will continue to rise. Based on the last year's growth in numbers the additional cost pressure and over spend could be up to £700,000.

## Corporate Resources Directorate: Revenue Budget Analysis and Commentary

## 1. Financial Analysis

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	1,905	(960)	945	1,895	(950)	945	10	(10)	0
Finance (other)	12,498	(10,688)	1,810	12,471	(10,688)	1,783	27	0	27
Property	14,790	(9,298)	5,492	14,609	(9,165)	5,444	181	(133)	48
ICT	15,436	(10,320)	5,116	15,436	(10,320)	5,116	0	0	0
Miscellaneous	1,200	(197)	1,003	1,166	(183)	983	34	(14)	20
Contribution to Reserves	252	0	252	252	0	252	0	0	0
<b>Total</b>	<b>46,081</b>	<b>(31,463)</b>	<b>14,618</b>	<b>45,829</b>	<b>(31,306)</b>	<b>14,523</b>	<b>252</b>	<b>(157)</b>	<b>95</b>

## 2 Departmental Commentary

The monitoring of CRD revenue budget is reporting an underspend of £95,000 at the end of May 2010. The main contributors to the overall position are:-

Audit & Performance are currently forecasting a breakeven position.

Finance are reporting an underspend of £27,000. This is due to Senior Staff changes.

Property are currently reporting a £48,000 underspend which is made up of a number of elements; £22,000 has been identified in the Property Business Unit which relates mainly to vacant posts which have not yet been filled. Corporate Offices have identified a number of savings within their premises costs which amount to £26,000.

ICT are currently forecasting a breakeven position.

CRD also holds a number of miscellaneous budgets which are forecasting an underspend of £20,000. This is the mainly due to an IFRS rebate within External Audit.

It is worth noting that due to the current financial uncertainties work is ongoing to review all services and identify potential savings across CRD. These will be reflected in our monitoring forecasts as they are confirmed.

## Transport &amp; 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	4,809	(545)	4,264	4,812	(548)	4,264	(3)	3	0
Highways Maintenance	34,352	(7,285)	27,067	34,369	(7,229)	27,140	(17)	(56)	(73)
Traffic and Safety	9,092	(6,697)	2,395	9,092	(6,697)	2,395	0	0	0
Environment	4,298	(2,345)	1,953	4,291	(2,345)	1,946	7	0	7
Passenger Services	18,683	(14,860)	3,823	18,617	(14,860)	3,757	66	0	66
Planning	3,150	(1,092)	2,058	3,150	(1,092)	2,058	0	0	0
Waste Disposal PFI	50,388	(24,062)	26,326	50,388	(24,062)	26,326	0	0	0
Waste Disposal non-PFI	1,669	(35)	1,634	1,669	(35)	1,634	0	0	0
	<b>126,441</b>	<b>(56,921)</b>	<b>69,520</b>	<b>126,388</b>	<b>(56,868)</b>	<b>69,520</b>	<b>53</b>	<b>(53)</b>	<b>0</b>

## 2. Cost Drivers and Unit Costs / Key Indicators

Active Cases	2009/10	2010/11	Actual to date	Comments
	£	Projection £	£	
<b>Highways</b>				
Energy Contract (Streetlighting/ Traffic Signals) – (Net of recharges to BHCC)	1,472,669	1,232,254	4,357	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.
Property Search Fees (from Districts)	144,907	152,700	0	Charge per fee of £31. 4,927 searches achieved last year. Charged per quarter – no figures to date available.
<b>Planning</b>				
Planning Application Fees	152,693	100,000	58,785	Income dependent on applications, and is proportionate to size of applications no major fees expected this year.

## Transport & Environment: Revenue Budget Analysis and Commentary

### 3. Departmental Revenue Commentary

#### General

Transport & Environment's net revenue budget is some £69.5 million. A further £1.7 million (of which just over £1 million relates to project slippage) is due to be brought forward from last financial year. At this stage the department forecasts to contain all known financial risks but should timescales change significantly this position may alter.

There are several key risks facing the department this financial year as follows:-

The department is currently in consultation regarding the second phase of its organisational restructure (following implementation of the first phase in August 2008). Implementation is now scheduled for 1<sup>st</sup> December, two months later than initially envisaged, and this has had an impact on the savings that will be achievable in this transition year. Further pressure on budgets is possible if the consultation or recruitment process take longer than planned. The department has already set aside £305,000 to meet part year effect, and the remainder of the underspend brought forward but not committed to projects will also be held in contingency for this purpose.

There are ongoing financial risks associated with the costs of defending legal challenges associated with controversial planning decisions. Some examples are the Ashdown Brickworks landfill proposal, Cophall wood biomass and Pebsham Waste Water treatment works, all of which are likely to be an issue during this financial year.

There is a risk that all Councils may have to provide Land search information free of charge and legal advice is being sought by the Local Government Association (LGA). Currently provision of such information generates an income of £155,000. It is too soon, however, to be certain of the outcome.

With regards to items that have been at risk in recent years:-

- Winter maintenance reserves have been restored to £500,000, meaning severe winter weather is less likely to have an impact on current year budgets;
- Streetlighting energy is now part of the corporate contract with Buying Solutions Ltd, the energy supplier being EDF. The rate is set at 7.33p/kWh for the entire financial year, similar to recent rates paid. Current contract arrangements will continue for another two and a half years.

#### Home to School Transport

The Home to School Transport budget for 2010/11 is £11.708million and is currently forecast to spend on budget. The impact of Home to School Transport expenditure is ultimately reflected within the Children's Services budget.

**Table 1 - Expenditure Only**

Department	Original Programme 2010/11	Carried Forward from 2009/10	Approved Variations	Revised Total Provision	Actual Expenditure to Date	Forecast	Variation from Total Provision
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	4,152	(313)	0	3,839	27	1,592	2,247
Governance & Community Services	3,355	338	0	3,693	254	3,693	0
Children's Services (excl. Schools Delegated Capital)	24,151	4,835	127	29,113	4,261	29,130	(17)
Corporate Resources	3,739	807	15	4,561	5	4,561	0
Transport and Environment	21,843	1,009	(1,152)	21,700	232	21,875	(175)
<b>Sub Total</b>	<b>57,240</b>	<b>6,676</b>	<b>(1,010)</b>	<b>62,906</b>	<b>4,779</b>	<b>60,851</b>	<b>2,055</b>
Schools Delegated Capital	9,031	(1,542)	0	7,489	(178)	7,489	0
<b>Total</b>	<b>66,271</b>	<b>5,134</b>	<b>(1,010)</b>	<b>70,395</b>	<b>4,601</b>	<b>68,340</b>	<b>2,055</b>

**Table 2 - Income Only**

Department	Original Programme 2010/11	Carried Forward from 2009/10	Approved Variations	Revised Total Provision	Actual Expenditure to Date	Forecast	Variation from Total Provision
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	(964)	0	0	(964)	0	0	(964)
Governance & Community Services	(2,000)	44	0	(1,956)	0	(1,956)	0
Children's Services (excl. Schools Delegated Capital)	(14,251)	(3,797)	(18)	(18,066)	290	(18,066)	0
Corporate Resources	(275)	73	0	(202)	0	(202)	0
Transport and Environment	(5,997)	(720)	913	(5,804)	438	(5,804)	0
<b>Sub Total</b>	<b>(23,487)</b>	<b>(4,400)</b>	<b>895</b>	<b>(26,992)</b>	<b>728</b>	<b>(26,028)</b>	<b>(964)</b>
Schools Delegated Capital	(9,031)	1,542	0	(7,489)	(554)	(7,489)	0
<b>Total</b>	<b>(32,518)</b>	<b>(2,858)</b>	<b>895</b>	<b>(34,481)</b>	<b>174</b>	<b>(33,517)</b>	<b>(964)</b>

**Table 3 - Net Departmental Programmes**

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

Department	Original Programme 2010/11	Carried Forward from 2009/10	Approved Variations	Revised Total Provision	Actual Expenditure to Date	Forecast	Variation from Total Provision
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	3,188	(313)	0	2,875	27	1,592	1,283
Governance & Community Services	1,355	382	0	1,737	254	1,737	0
Children's Services (excl. Schools Delegated Capital)	9,900	1,038	109	11,047	4,551	11,064	(17)
Corporate Resources	3,464	880	15	4,359	5	4,359	0
Transport and Environment	15,846	289	(239)	15,896	670	16,071	(175)
<b>Sub Total</b>	<b>33,753</b>	<b>2,276</b>	<b>(115)</b>	<b>35,914</b>	<b>5,507</b>	<b>34,823</b>	<b>1,091</b>
Schools Delegated Capital	0	0	0	0	(732)	0	0
<b>Total</b>	<b>33,753</b>	<b>2,276</b>	<b>(115)</b>	<b>35,914</b>	<b>4,775</b>	<b>34,823</b>	<b>1,091</b>

Analysis of Forecast Variation		
(Over) or Underspend	Slippage to Future Year	Accelerated Expenditure
£'000	£'000	£'000
(88)	1,371	0
0	0	0
(17)	0	0
0	0	0
(175)	0	0
<b>(280)</b>	<b>1,371</b>	<b>0</b>
0	0	0
<b>(280)</b>	<b>1,371</b>	<b>0</b>

Table 4 - Pre Mid Term Review Capital Variations Approved

Department and Project Description	Gross Expenditure	Resource	Net Expenditure	Status	Month	Comments
<b>Adult Social Care</b>						
Pembury Road	(74,000)	-	(74,000)	Approved	May	Departmental Movement
Linden Court	6,000	-	6,000	Approved	May	Departmental Movement
Milton Grange	68,000	-	68,000	Approved	May	Departmental Movement
<b>Total Adult Social Care Variations</b>	-	-	-			
<b>Governance &amp; Community Services</b>						
None	-	-	-			
<b>Total Governance &amp; Community Services Variations</b>	-	-	-			
<b>Childrens Services</b>						
Bexhill High School BSF	100,000	-	100,000	Approved	May	Transfer from Sustainable Building Design CRD
Children's Centres and Extended Schools Programme	(2,347,000)	-	(2,347,000)		May	Departmental Movement
Maintenance	2,000	-	2,000		May	Departmental Movement
Other Extended Schools	1,000	-	1,000		May	Departmental Movement
Childcare Places	453,000	-	453,000		May	Departmental Movement
Shinewater Children's Centre - Extension	(22,000)	-	(22,000)		May	Departmental Movement
Willingdon Trees Children's Centre - Extension	(22,000)	-	(22,000)		May	Departmental Movement
Ringmer CC	3,000	-	3,000		May	Departmental Movement
Northium School - Replace Mobile Building	40,000	-	40,000		May	Departmental Movement
Ticehurst	(13,000)	-	(13,000)		May	Departmental Movement
Beacon	(12,000)	-	(12,000)		May	Departmental Movement
Bonners	81,000	-	81,000		May	Departmental Movement
Chailey	(27,000)	-	(27,000)		May	Departmental Movement
Rotherfield Village	(56,000)	-	(56,000)		May	Departmental Movement
Catsfield CEPS - New Building	(4,000)	-	(4,000)		May	Departmental Movement
Framfield School - New Building	(56,000)	-	(56,000)		May	Departmental Movement
Seaford, Cradle Hill	58,000	-	58,000		May	Departmental Movement
Amicus	21,000	-	21,000		May	Departmental Movement
The Haven C of E / Meth. PS	405,000	-	405,000		May	Departmental Movement
St Peter's School - Proposed Pre-School	143,000	-	143,000		May	Departmental Movement
Hastings Town CC - External Works	48,000	-	48,000		May	Departmental Movement
Hastings Town CC - Air Conditioning	134,000	-	134,000		May	Departmental Movement
Rye College - Alterations to form Nursery	253,000	-	253,000		May	Departmental Movement
Bexhill High - Temporary Nursery	191,000	-	191,000		May	Departmental Movement
St Leonards PS - Pre-School	481,000	-	481,000		May	Departmental Movement
Ocklynge School - Children's Centre	200,000	-	200,000		May	Departmental Movement
St Peter's, Chailey - Temp Mobile for Nursery	2,000	-	2,000		May	Departmental Movement
Sandown School - Alterations to form Nursery	200,000	-	200,000		May	Departmental Movement
Heathfield MUGA	(211,000)	-	(211,000)		May	Departmental Movement
Priory School - Extension	(37,000)	-	(37,000)		May	Departmental Movement
Peacehaven Community School - ES	1,000	-	1,000		May	Departmental Movement
Sedlescombe PS - Extended School	2,000	-	2,000		May	Departmental Movement
West Rise JS - Extended School	8,000	-	8,000		May	Departmental Movement
Little Ridge PS - Extended School	(42,000)	-	(42,000)		May	Departmental Movement
Ringmer CC - Extended School	1,000	-	1,000		May	Departmental Movement
Willingdon CS - Extended School	1,000	-	1,000		May	Departmental Movement
BASE - Bexhill Community Centre	120,000	-	120,000		May	Departmental Movement
Fair Play Pathfinder	18,000	(18,000)	-		May	Departmental Movement
BSF Feasibility in all Secondary Schools	15,000	-	15,000		May	Departmental Movement
Willingdon Community College BSF	3,000	-	3,000		May	Departmental Movement
Thomas Peacocke BSF	3,000	-	3,000		May	Departmental Movement
Hailsham Community College BSF	1,000	-	1,000		May	Departmental Movement
Uckfield CTC BSF	(16,000)	-	(16,000)		May	Departmental Movement
Uplands Community College BSF	4,000	-	4,000		May	Departmental Movement
Capital Programme Feasibility	(79,000)	-	(79,000)		May	Departmental Movement
Hankham Primary School	3,000	-	3,000		May	Departmental Movement
Dallington Primary School	4,000	-	4,000		May	Departmental Movement
Etchingham - Proposed Replacement School	16,000	-	16,000		May	Departmental Movement
Firle CES - Development of Accommodation	1,000	-	1,000		May	Departmental Movement
Holy Cross - New Replacement School	2,000	-	2,000		May	Departmental Movement
West Eastbourne Primary Places	7,000	-	7,000		May	Departmental Movement
Highfield	4,000	-	4,000		May	Departmental Movement
Oakwood	3,000	-	3,000		May	Departmental Movement
King Offa	3,000	-	3,000		May	Departmental Movement
Bexhill High	6,000	-	6,000		May	Departmental Movement
Sidley Primary School	2,000	-	2,000		May	Departmental Movement
Stafford	9,000	-	9,000		May	Departmental Movement
Roselands	2,000	-	2,000		May	Departmental Movement
Blacklands CPS - ASD Facility	4,000	-	4,000		May	Departmental Movement
BSF Feasibility in all Secondary Schools	3,000	-	3,000		May	Departmental Movement
Causeway School Sports Hall	1,000	-	1,000		May	Departmental Movement
Feasibility and Early Works	-	1,000	1,000		May	Departmental Movement
Pevensey & Westham	3,000	-	3,000		May	Departmental Movement
Information System for Parents and Providers	-	(1,000)	(1,000)		May	Departmental Movement
Hillcrest School (Pitch)	5,000	-	5,000		May	Departmental Movement
<b>Total Childrens Variations</b>	<b>127,000</b>	<b>(18,000)</b>	<b>109,000</b>			
<b>Schools Delegated Capital</b>						
None	-	-	-			
<b>Total Variations Schools Delegated Capital</b>	-	-	-			
<b>Corporate Resources</b>						
Sustainable Building Design for Capital Projects	135,000	-	135,000	Approved	May	CERA Contribution
Microsoft Office	(20,000)	-	(20,000)	Approved	May	Re-profiling of project.
Eastbourne Hub Project	(6,000)	-	(6,000)	Approved	May	Departmental Movement
Outstanding Payments	6,000	-	6,000	Approved	May	Departmental Movement
Sustainable Building Design for Capital Projects	(100,000)	-	(100,000)	Approved	May	Transfer to Bexhill High School BSF CSD
<b>Total Corporate Resource Variations</b>	<b>15,000</b>	-	<b>15,000</b>			
<b>Transport and Environment</b>						

Table 4 - Pre Mid Term Review Capital Variations Approved

Department and Project Description	Gross Expenditure	Resource	Net Expenditure	Status	Month	Comments
Bexhill & Hastings Link Road - Pre Approval	732,000	-	732,000	Approved	May	Departmental Movement
Additional Highway Maintenance - 'Pot Hole' Repairs	(1,000,000)	-	(1,000,000)	Approved	May	Budget previously included in 2009/10 Capital Programme
Rights of Way Stiles, Gates and Bridges	-	29,000	29,000	Approved	May	CERA Contribution previously received in 2009/10 Capital Programme
Integrated Transport	(892,000)	892,000	-	Approved	May	Reduction in externally funded budget
LTP Structural Maintenance	(1,000,000)	-	(1,000,000)	Approved	May	Departmental Movement
Bridge Assessment Strengthening	1,000,000	-	1,000,000	Approved	May	Departmental Movement
Integrated Transport	(1,210,000)	200,000	(1,010,000)	Approved	May	Departmental Movement
Local Safety Schemes and Minor Works	1,210,000	(200,000)	1,010,000	Approved	May	Departmental Movement
Cullfail Tunnel Refurbishment	100,000	-	100,000		May	Departmental Movement
Bridge Assessment Strengthening	(100,000)	-	(100,000)		May	Departmental Movement
Bexhill & Hastings Link Road - Pre Approval	8,000	(8,000)	-	Approved	May	CERA Contribution
<b>Total Variations Transport and Environment</b>	<b>(1,152,000)</b>	<b>913,000</b>	<b>(239,000)</b>			
<b>Variations Grand Total for ESCC</b>	<b>(1,010,000)</b>	<b>895,000</b>	<b>(115,000)</b>			

Table 5 - Adult Social Care

## Net Programme

Project	Original Programme 2010/11	Carried Forward 2009/10	Approved Variations	Revised Total Provision	Actual Expenditure to date	Forecast	Variation from Total Provision	Analysis of variation		
	£000	£000	£000	£000	£000	£000	£000	(Over) or Underspend	Slippage to Future Year	Accelerated Expenditure
								£000	£000	£000
<b>PID approved projects</b>										
Age Well	319	(8)	-	311	1	311	-	-	-	-
LD Extra Care Project	350	-	-	350	-	-	350	-	350	-
Warwick House (Homefield Place)	95	76	-	171	16	171	-	-	-	-
Firstfields	785	-	-	785	-	-	785	-	785	-
Extra Care Supported Accommodation	1,200	-	-	1,200	-	-	1,200	-	1,200	-
<i>External Grant Contributions</i>	(964)	-	-	(964)	-	-	(964)	-	(964)	-
Other Projects	1,403	(381)	-	1,022	10	1,110	(88)	(88)	-	-
<b>Total PID Approved Projects</b>	<b>3,188</b>	<b>(313)</b>	<b>-</b>	<b>2,875</b>	<b>27</b>	<b>1,592</b>	<b>1,283</b>	<b>(88)</b>	<b>1,371</b>	<b>-</b>
<b>Projects requiring PID approval</b>										
Grangemead	-	(3)	-	(3)	-	-	(3)	(3)	-	-
Greenwood Supported Living	430	-	-	430	-	200	230	-	230	-
<b>Total Projects requiring PID approval</b>	<b>430</b>	<b>(54)</b>	<b>-</b>	<b>376</b>	<b>(161)</b>	<b>149</b>	<b>227</b>	<b>(3)</b>	<b>230</b>	<b>-</b>
<b>Total</b>	<b>430</b>	<b>(54)</b>	<b>-</b>	<b>376</b>	<b>(161)</b>	<b>149</b>	<b>227</b>	<b>(3)</b>	<b>230</b>	<b>-</b>

## Commentary

Adult Social Care is forecasting £1.6m expenditure against a net PID approved programme of £2.9m.

Agewell - Cabinet on 8 June 2010 considered the future developments within "Agewell". Funding has been maintained within the current year until the plans for future developments within "Agewell" are formalised.

LD Extra Care Project, Firstfields & Extra Care Supported Accommodation - Strategic developments within extra care and day opportunities continue; progress has been slower than anticipated, particularly as a result of current national financial position and the impact this is having, and will have in the future, on partnering arrangements within developments. This has resulted in net slippage of £1.4m.

Warwick House - The spend profile will be revised as the project develops - until this is confirmed, it is assumed that spend will be in line with the current budget.

Other Projects - Conquest Centre, Sandbanks, Mount Denys & Grangemead - these projects had overspent by £69K at the end of 2009/10. It is planned to fund this expenditure from within the existing ASC Capital programme. For example, the St Nicholas Centre carried forward an underspend from 2009/10, when expenditure for 2010/11 has been confirmed, any remaining budget will be vired to cover the noted overspends.

Greenwood Supported Living - The service element of the PID is awaiting completion and there have been some planning issues which are expected to be resolved shortly. These delays have led to slippage into 2010/11.

Table 6 - Governance &amp; Community Services

## Net Programme

Project	Original Programme 2010/11	Carried Forward 2009/10	Approved Variations	Revised Total Provision	Actual Expenditure 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
<b>PID approved projects</b>										
New Archive and Record Office - "The Keep" - phase 1 & 2	2,055	124	-	2,179	254	2,179	-	-	-	-
<i>CERA/Contributions</i>	(1,000)	78	-	(922)	-	(922)	-	-	-	-
Bridies Tan Traveller Site	-	3	-	3	-	3	-	-	-	-
<i>Bridies Tan Traveller Site GOSE Grant</i>	-	(3)	-	(3)	-	(3)	-	-	-	-
<i>CERA - Sustainable Buildings</i>	-	-	-	-	-	-	-	-	-	-
Travellers Sites Swan Barn	1,000	31	-	1,031	-	1,031	-	-	-	-
<i>GOSE Grant</i>	(1,000)	(31)	-	(1,031)	-	(1,031)	-	-	-	-
Library Refurbishment Programme	300	180	-	480	-	480	-	-	-	-
<i>CERA</i>	-	-	-	-	-	-	-	-	-	-
<b>Total PID approved projects</b>	<b>1,355</b>	<b>382</b>	<b>-</b>	<b>1,737</b>	<b>254</b>	<b>1,737</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Projects requiring PID approval</b>	<b>1,019</b>	<b>504</b>	<b>-</b>	<b>1,523</b>	<b>32</b>	<b>1,523</b>	<b>-</b>			
<b>Total</b>	<b>2,374</b>	<b>886</b>	<b>-</b>	<b>3,260</b>	<b>286</b>	<b>3,260</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Commentary**

Governance and Community Services is forecasting on target against a net PID approved programme of £1.7m.

**Table 7 - Children's Services**

## Net Programme

Project	Original Programme 2010/11	Carried Forward 2009/10	Approved Variations	Revised Total Provision	Actual Expenditure to date	Forecast	Variation from Total Provision	Analysis of variation		
	£000	£000	£000	£000	£000	£000	£000	(Over) or Underspend	Slippage to Future Year	Accelerated Expenditure
								£000	£000	£000
<b>PID approved projects</b>										
Bexhill High BSF	10,250	1,275	100	11,625	2,707	11,625	-	-	-	-
<i>Grant</i>	(6,996)	(1,275)	-	(8,271)	-	(8,271)	-	-	-	-
Early years, children's centres and extended schools	6,384	1,777	-	8,161	441	8,161	-	-	-	-
<i>Grant</i>	(6,495)	(1,780)	-	(8,275)	-	(8,275)	-	-	-	-
Harnessing Technology	500	738	-	1,238	282	1,238	-	-	-	-
<i>Government Grant</i>	(500)	(737)	-	(1,237)	49	(1,237)	-	-	-	-
<b>Primary Capital Programme - Phase 1</b>										
Cradle Hill	707	(1)	-	706	287	706	-	-	-	-
Chyngton School	780	327	-	1,107	272	1,107	-	-	-	-
Castledown CPS	6	(6)	-	-	-	-	-	-	-	-
Churchwood	1,559	28	-	1,587	41	1,587	-	-	-	-
Temporary Accommodation	900	243	-	1,143	43	1,143	-	-	-	-
Other Projects	2,805	449	9	3,263	429	3,280	(17)	(17)	-	-
Schools Delegated Capital	9,031	(1,542)	-	7,489	(178)	7,489	-	-	-	-
<i>Government Grant</i>	(9,031)	1,542	-	(7,489)	(554)	(7,489)	-	-	-	-
<i>External Contributions</i>	-	-	-	-	-	-	-	-	-	-
<b>Total PID approved projects</b>	<b>9,900</b>	<b>1,038</b>	<b>109</b>	<b>11,047</b>	<b>3,819</b>	<b>11,064</b>	<b>(17)</b>	<b>(17)</b>	<b>-</b>	<b>-</b>
<b>Projects requiring PID approval</b>	<b>6,850</b>	<b>(99)</b>	<b>(9)</b>	<b>6,742</b>	<b>700</b>	<b>6,742</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>16,750</b>	<b>939</b>	<b>100</b>	<b>17,789</b>	<b>4,519</b>	<b>17,806</b>	<b>(17)</b>	<b>(17)</b>	<b>-</b>	<b>-</b>

**Commentary**

Children's Services is forecasting £11.1m expenditure against a net PID approved programme of £11.1m.

Stafford is currently over spending by £17K carried forward from 2009/10. Children's Services are currently looking at ways to finance this.

In addition the following risks have been identified:

Although the Bexhill High BSF project is forecast within budget there is a risk of an overspend. This is because ICT work of up to £280K which was originally going to be funded from the BSF Pre Procurement budget is now charged to Bexhill BSF.

The Early Years, Children's Centres and Extended Schools programme includes £200K towards Bexhill Nursery and this grant has to be spent by 31 March 2011. The delay in the decision on the Bexhill link road until the Autumn means that there is a risk that the grant will not be spent within the time period. We are exploring funding options.

There is a risk that there will be an overspend on the project at Barcombe CE school that was completed in 2009/10. This is due to additional work requested by the Parish Council, additional drainage works and work by EDF.

Table 8 - Corporate Resources

## Net Programme

Project	Original Programme 2010/11	Carried Forward 2009/10	Approved Variations	Revised Total Provision	Actual Expenditure 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
<b>PID approved projects</b>										
NGN - Invest to Save Scheme & NGN Contingency	-	83	-	83	9	83	-	-	-	-
Microsoft Office	82	28	(20)	90	-	90	-	-	-	-
SAP System Development	256	3	-	259	(3)	259	-	-	-	-
ICT Network Resilience	100	280	-	380	12	380	-	-	-	-
Hub Office Developments	-	186	-	186	-	186	-	-	-	-
Building Maintenance and Backlog Reduction	1,500	131	-	1,631	(51)	1,631	-	-	-	-
DDA Improvements to Non Schools Properties	572	36	-	608	2	608	-	-	-	-
Outstanding Payments on Completed Schemes	86	4	6	96	5	96	-	-	-	-
Other Projects	868	129	29	1,026	31	1,026	-	-	-	-
<b>Total PID approved projects</b>	<b>3,464</b>	<b>880</b>	<b>15</b>	<b>4,359</b>	<b>5</b>	<b>4,359</b>	-	-	-	-
<b>Projects requiring PID approval</b>	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,464</b>	<b>880</b>	<b>15</b>	<b>4,359</b>	<b>5</b>	<b>4,359</b>	-	-	-	-

**Commentary**

Corporate Resources is forecasting on target against a net PID approved programme of £4.4m.

Although the following risks have been identified:

Due to uncertainty regarding the implementation of IFRS and E-invoicing there is a risk that SAP System Development will need to slip funding into 2011/12.

There is a risk that Outstanding Payments will over spend by £19K. CRD are looking at ways to finance this.

Table 9 - Transport &amp; Environment

## Net Programme

Project	Original Programme 2010/11	Carried Forward 2009/10	Approved Variations	Revised Total Provision	Actual Expenditure 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
<b>PID approved projects</b>										
Bexhill & Hastings Link Road - Pre Approval	-	(256)	732	476	43	651	(175)	(175)	-	-
Household Waste Recycling Site	1,516	509	-	2,025	3	2,025	-	-	-	-
<i>Waste Infrastructure Capital Grant</i>	(1,516)	(509)	-	(2,025)	-	(2,025)	-	-	-	-
Sustainable Schools Smart Metering	-	108	-	108	2	108	-	-	-	-
<i>Grant</i>	-	(108)	-	(108)	-	(108)	-	-	-	-
Leachate Management Project	115	103	-	218	-	218	-	-	-	-
<i>Waste Performance Efficiency Grant</i>	(115)	(103)	-	(218)	-	(218)	-	-	-	-
Integrated Transport - LTP plus Externally Funded	943	(35)	(1,010)	(102)	(91)	(102)	-	-	-	-
LTP Structural Maintenance	7,980	183	(1,000)	7,163	313	7,163	-	-	-	-
Speed Management	524	12	-	536	(57)	536	-	-	-	-
Other Projects	6,399	385	1,039	7,823	457	7,823	-	-	-	-
<b>Total PID approved projects</b>	<b>15,846</b>	<b>289</b>	<b>(239)</b>	<b>15,896</b>	<b>670</b>	<b>16,071</b>	<b>(175)</b>	<b>(175)</b>	<b>-</b>	<b>-</b>
<b>Projects requiring PID approval</b>										
Bexhill & Hastings Link Road - Post DfT Approval	19,240	-	(732)	18,508	-	-	18,508	175	18,333	-
<i>Grant</i>	(23,817)	-	-	(23,817)	-	-	(23,817)	-	(23,817)	-
<b>Total Projects requiring PID approval</b>	<b>(4,577)</b>	<b>-</b>	<b>(732)</b>	<b>(5,309)</b>	<b>-</b>	<b>-</b>	<b>(5,309)</b>	<b>175</b>	<b>(5,484)</b>	<b>-</b>
<b>Total</b>	<b>11,269</b>	<b>289</b>	<b>(971)</b>	<b>10,587</b>	<b>670</b>	<b>16,071</b>	<b>(5,484)</b>	<b>-</b>	<b>(5,484)</b>	<b>-</b>

**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 and Environment is forecasting £16.1m expenditure against a net approved programme of £15.9m.

The variance of £172,000, relates to overspend on the Pre Approval stage of the Bexhill Hastings Link Road. This is compensated by equivalent underspend forecast in the Post Approval stage. The main DfT Grant is provisional at this stage and is dependant on Statutory Orders (CPO/SRO) being confirmed as well as the Major Scheme Business Case receiving approval. Confirmation of DfT funding is not now expected before November 2010. The programme will now slip a full year and all Post Approval budget will slip into next financial year.

The Departmental Management Team are in the process of reviewing savings options, working on the basis that all specific grants may be reduced by 25%. As specific details become available, more accurate options can be developed and details will be reported when finalised.

<b>Overspend</b>	<b>Commentary</b>	<b>£</b>	<b>£</b>
<b>Bexhill Hastings Link Road - Pre Approval expenditure</b>	The Pre Approval stage of the project is forecast to overspend by £175K. This reflects an accelerated spend profile as a result of additional costs incurred with the ECI contractor in agreeing a target cost that is affordable within the current planned funding envelope, which was submitted for final approval as part of the Major Scheme Business Case to DfT on 18th March. Accelerated legal and other costs have also been incurred associated with land agreements & legal advice.  Options for funding this expenditure are currently being discussed.	(175,000)	
<b>Total overspend</b>			(175,000)
<b>Underspend</b>	<b>Commentary</b>	<b>£</b>	<b>£</b>
<b>Bexhill Hastings Link Road - Post Approval expenditure</b>	The Post Approval stage of the project is forecast to underspend by £175K. This reflects expenditure which has been accelerated into the Pre Approval stage due to delays in approval.	175,000	
<b>Total overspend</b>			<b>175,000</b>
<b>Slippage</b>	<b>Commentary</b>	<b>£</b>	<b>£</b>
<b>Bexhill Hastings Link Road - expenditure</b>	The Post Approval part of this project budget is forecasting expenditure slippage of £7.3m. This is due to the delays in beginning Phase 2 of the project while awaiting approval.	18,333,000	
<b>DfT - Major Scheme Grant</b>	The claim of grant will also slip by £6.8m, as grant is claimed in arrears on a quarterly basis.	(23,817,000)	
<b>Total Slippage</b>			<b>(5,484,000)</b>

## 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. Audit Commission's preferred option is the production of Interim Balance sheets throughout the year. 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 two months.

	2009/10		2010/11	
	31/03/2010		31/05/2010	
	£000	%	£000	%
Total debtors outstanding	8,959		7,296	
Over 5 months	895	9.99%	900	12.33%
PCT debt - <i>note a</i>	(141)		(1,593)	
Pending write-offs and cancellations - <i>note b</i>	63		99	
tProvision for bad debt (includes pending write-offs)	420		447	

Over 5 months - The amount of debt over 5-months has not risen significantly although the % is higher this is due in part to the ASC invoices which have not yet been raised for the PCT's debt.

Department	31/03/2010		31/05/2010	
	Amount £000	%	Amount £000	%
<b>Debt aged 5 - 12 months:-</b>				
Adult & Social Care	189	45	214	50
Governance and Community Services	3	1	3	1
Corporate Resources	127	30	114	27
Transport & Env. ( <i>incl. SDJC</i> )	85	20	69	16
Children Services	15	4	28	7
<b>Sub-Total</b>	<b>419</b>		<b>428</b>	

<b>Debt over 1 yr. (<i>all depts</i>)</b>				
Adult & Social Care	331	70	337	71
Governance and Community Services	-	-	-	-
Corporate Resources	70	15	50	11
Transport & Env. ( <i>incl. SDJC</i> )	62	13	76	16
Children Services	13	3	337	71
<b>Sub-Total</b>	<b>475</b>		<b>472</b>	

<b>Total</b>	<b>895</b>		<b>900</b>	
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**Note a** ASC PCT - we are holding overpayments totalling £1,629,656.03 therefore together with the o/s Children's PCT of £35,520.00 the balance re PCT is a credit of £1,593,388.80. (ASC are to raise further invoices which will be matched to the overpayments.)

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

## 2. Payments to Creditors

The Council's 2010/11 target for paying invoices within terms is 92%. We are, up to the end of May 2010, paying 93% on time (92% in 2009/10).

Description	% Paid Promptly			Average Payment days	
	2009/10	May	Year to date	May	Year to date
Non-SME invoices only	94	94	95	21	21
10 Days SME only	-	89	90	11	11

## 3. Long Term Borrowing

The Treasury Management Strategy provides the framework for managing the Council's borrowing requirement. At 31 March, 2010, the majority of the Council's external debt was held as long term loans. No new PWLB borrowing has taken place since April 2010 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 2010 currently stands at £241.2m, (PWLB of £228.3m, and Money Market Loan of £12.9m). Instead of external borrowing "internal borrowing" is taking place which reduces our cash holdings.

## 4. Long Term Investment

It is important to take account of the current and predicted future state of the financial sector. The state of the money markets has slightly improved over the last few months. Bank rate is currently at 0.5% (the lowest on record) and these short-term interest rates are expected to remain on hold for a considerable time. Longer term interest rates are expected to be more volatile. There is a prediction of an increase for a number of reasons. The strategy going forward must continue with the policy of ensuring minimum risk but will also need to deliver secure investment income of at least bank rate on the Council's cash balances. (The actual target is bank rate plus 0.5%).

In the current economic climate it is essential that a prudent approach is maintained. This will be achieved through investing with selected banks and funds which meet the Council's rating criteria. The emphasis will continue to be on security (protection of the capital sum invested) and liquidity (keeping money readily available for expenditure when needed) rather than on yield. The proposed strategy continues with this prudent approach and the only change proposed is to increase the period of investment to up to a year but this will only be after the Deputy Chief Executive and Director of Corporate Resources is satisfied that the market conditions are favourable. There is no change to the list of counterparties or the limit of the investment remains at a maximum of £60m.

## 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 2010/11 and beyond.

### General Balances – Target Balance

Indicator	Target Balance		Currently Projected Balance May	
	%	£m	%	£m
1 County Fund (2.25% of net expenditure)	2.25	7.6	2.24	7.5
2 School balances	n/a	11.8	n/a	10.4