

### REVENUE BUDGET MONITORING APRIL 2012 TO JULY 2012

- 1.1 Appendix 2 outlines the Council's current financial position for the 2012/13 financial year to the end of July 2012 by Cabinet Portfolio. The Appendix shows the current forecast outturn position is an overspend of £1,609,000, or 0.40% of the gross expenditure budget (excluding Schools).
- 1.2 Within the current £1,609,000 forecast underspend figure, there are areas of over and under spending which are detailed below along with planned management actions being taken to reduce any overspends.
- 1.3 The Chief Executive and Strategic Directors have reviewed potential mitigations to reduce this projected overspend as follows:
- Review of debt financing and capital programme spending profile - £1,000,000
  - Refinancing of costs within service areas to ensure appropriate use of earmarked reserves - £400,000
  - Release of Community Empowerment Funds which are currently uncommitted - £100,000
  - Potential use of Revenue Budget Contingency - £100,000

These mitigations will be subject to on-going monitoring of the outturn position and the appropriate approval and reporting process.

#### 1.4 **Leader's Portfolio – forecast £51,000 overspend**

The forecast overspend on this portfolio is mainly due to a £56,000 overspend in Democratic Services as a result of the provision of Registration Services casual staff and lower than anticipated savings from IT recharges. There is also a small saving in Human Resources as a result of reduced agency support costs.

#### 1.5 **Community Resources Portfolio – forecast £118,000 underspend**

The forecast underspend on this portfolio is made up of the following variances:

**Support Services:** £30,000 underspend, mainly due to Commercial Estate income being forecast £178,000 above budget following acquisition of an additional asset, which has offset a £64,000 overspend in Corporate Estate caused by the running costs taken on for Victoria Hall, a shortfall of income in Traded Services of £43,000, and a delay to the achievement of the savings target in Finance.

**Corporate costs:** £88,000 forecast underspend, mainly in the cost of external auditors as a result of Government's rationalisation of the external audit regime.

## **1.6 Wellbeing Portfolio – forecast £1,000 underspend**

Spending pressures of £416,000 for the purchase of care for older people, £344,000 for the purchase of mental health care and a £217,000 forecast income shortfall in Fairer Contributions Income from personal contributions have been offset within the Portfolio by Section 256 funding received in 2012/13 and carried forward funding from 2011/12 for growth in purchasing budgets.

## **1.7 Early Years, Children & Youth Portfolio – forecast on budget**

There is an overspend of £276,000 in Children's Social Care, as a result of £150,000 additional staffing costs following Social Care Improvements Inspection, £49,000 overspend due to the spend on children in care and Parent & Baby Unit costs, and a shortfall in Children's Centre income. This overspend will be mitigated by various underspends across the Children's Services Portfolio, which includes additional income from the Nursery Voucher Scheme.

## **1.8 Homes & Planning Portfolio – forecast £325,000 overspend**

This forecast overspend is due entirely to the £400,000 increased Planning Fee income target in Planning Services not being met, as a result of the legislation enabling increased planning fee charges in line with costs not now happening in October 2012. Since this target raises to £800,000 in 2013/14 onwards, this creates a significant base budget issue in current and future years. Planning Services have forecast to achieve £50,000 of the targeted additional income in 2012/13 due to a 15% increase in fees, and forecast a saving of £25,000 in overhead costs.

## **1.9 Sustainable Development Portfolio – forecast £4,000 underspend**

Within the forecast for this Portfolio, there is a £71,000 forecast overspend in Arts, due to additional support for Bath Festivals Trust & other local public arts and increased Olympic Carnival costs. This is mitigated by an underspend in Development & Major Projects of £75,000 due to reduced expenditure on external projects and conferences.

## **1.10 Neighbourhoods Portfolio – forecast £116,000 underspend**

There is a £78,000 forecast net underspend in Waste Services, due to a number of small over and underspends in recycling, trade waste, scrap metal, green waste, food waste and timber recycling.

There are also small underspends in the Library Service of £20,000 due to service charge savings in Bath Central Library, and £26,000 in Public Protection due short term vacancies.

### **1.11 Transport Portfolio – forecast £1,473,000 overspend**

This overspend is almost entirely in Parking Services. It is made up of a shortfall against income budgets of £736,000 in Bus Lane Enforcement income (following changes to the road layout, new signage and disruption to enforcement due to construction and other works in the area), £150,000 shortfall in Penalty Charge Notice (PCN) income (due to staff turnover and non-productive time incurred during the training period for new staff), £421,000 shortfall in income from Avon Street and Charlotte Street car parks (due to reduced car use nationally and locally due to recession and changes in shopping habits in addition to the impacts of wet weather (affecting retail activity), visitor reduction associated with the Olympics, increased competition and deteriorating product), £141,000 internal income reduction from staff parking permits due to the reduction in the numbers required and a £52,000 shortfall in Keynsham Car Park income following the closure of the Civic Centre car park.

The service has developed an extensive action plan targeted at improving the performance of the service by investing in new systems which will improve management information and customer experience and options. Expenditure is being closely monitored and contracts for supplies revised to reduce costs. Where underlying income is falling in car parks, options which might improve utilisation and income are being considered and action has been taken to reduce the impacts of streetworks on the effectiveness of bus gate enforcement.

The effectiveness of these and other mitigating actions are monitored by a Board which includes the Cabinet Member, the Strategic and Divisional Directors responsible for the service, service managers and Finance Officers.

1.12 The Council has requested that the delivery of the key savings for the 2012/13 budget, including potential impacts, should be included as part of the regular budget monitoring. The following table provides a narrative on key savings:

Description of Saving	Target Saving Amount £'000	Amount Achieved to date £'000	Comments on saving including any service impacts or service user impacts
<b>Wellbeing</b>			
<p><u>Reduction in unit cost &amp; number of residential care placements and packages for adults with learning difficulties.</u></p> <p>This is the third and final year of a 3-year programme across all care groups to deliver efficiency savings from adult social care purchasing budgets through a combination of: a) achieving below inflation provider fee 'uplifts'; b) negotiating efficiency savings with providers; c) targeted re-procurements; d) ensuring the tight application of the Placement &amp; Packages Policy &amp; Procedure and e) increasing (lower cost) alternatives to high cost placement/packages.</p>	£825	£700	<p>On track to meet savings target, a number of high-cost packages have been re-negotiated at revised rates. Lower than inflation fee uplifts have also been negotiated with some providers.</p> <p>Savings have also been made from transferring responsibility for out-of-area placements to the appropriate LA/PCT.</p>
<p><u>Reduction in unit cost &amp; number of residential/nursing care placements.</u></p> <p>This is the third and final year of a 3-year programme across all care groups to deliver efficiency savings from adult social care purchasing budgets through a combination of: a) achieving below inflation provider fee 'uplifts'; b) negotiating efficiency savings with providers; c) targeted re-procurements; d) ensuring the tight application of the Placement &amp; Packages Policy &amp; Procedure and e) increasing (lower cost) alternatives to high cost placement/packages.</p>	£808	£168	<p>Negotiations with providers have resulted in "freezing" rates. However, this has been offset by the impacts of demographic growth and an increasing complexity/ acuity of need for these service user groups, which is reflected in the overall cost of meeting that need (more complex/acute need tends to require higher/ more skilled staffing, which is reflected in the overall unit cost). Planned mitigation is to apply available Section 256 funding to these budgets. This is in line with Department of Health guidance, which confirms use of s256 funding not only for reablement, prevention of hospital admission and facilitation of hospital discharge but also <i>"maintaining [social care] eligibility criteria and mental health"</i> (NHS South of England, 13/1/12)</p>

Description of Saving	Target Saving Amount £'000	Amount Achieved to date £'000	Comments on saving including any service impacts or service user impacts
<p><u>Personal Budgets including Direct payments – Older People &amp; Physically Disabled</u></p> <p>Elements of the 3-year programme to deliver efficiency savings from adult social care purchasing budgets apply to expenditure on PBs, including negotiation of below inflation provider fee ‘uplifts’ and ensuring the tight application of the Placement &amp; Packages Policy &amp; Procedure. Another related workstream in respect of PBs is the implementation of the national Resource Allocation Scheme which is currently being consulted on. As well as ensuring equity, this will enable tighter control of expenditure.</p>	£205	£104	<p>As with other older people/ mental health purchasing budgets, the PB budget has been subject to pressure from a combination of demographic growth and increase complexity/acuity of need.</p> <p>Planned mitigation is to apply available Section 256 funding to these budgets. This is in line with Department of Health guidance, which confirms use of s256 funding not only for reablement, prevention of hospital admission and facilitation of hospital discharge but also <i>“maintaining [social care] eligibility criteria... and mental health”</i> (NHS South of England, 13/01/12)</p>
<b><u>Community Resources</u></b>			
<u>ICT contract savings</u>	350	350	Mouchel have identified a series of service options to achieve these savings. Their robustness & achievability have been reviewed and they are currently on target to be achieved.
<u>Commercial Estate – increased net income stream</u>	300	300	The additional income stream generated by new assets is sustainable and built into 2012-13. Achievability is not an issue. The additional net income stream achieved by a further acquisition will benefit the service. A more general risk relates to general lettings and void performance within the estate.

Description of Saving	Target Saving Amount £'000	Amount Achieved to date £'000	Comments on saving including any service impacts or service user impacts
<b>Homes &amp; Planning</b>			
<u>Planning Development Management</u> - Adoption of local charging for applications to more fully cover costs if the legislation is passed by Parliament in time. (Maybe deferred until Oct 2012) Level of achievable savings depends upon legislation.	400	75	Legislation to charge at cost recovery level will not now happen.  Has been replaced by increase to charge we're allowed to charge, but not to same level. This will raise approximately an extra £120k pa, so part year effect is £60k. However we anticipate that some applicants will try to beat that deadline with early submissions, so prudently reduced to £50k.  Additional savings from reduction in spend on equipment purchase and training of £25k also contribute to offsetting the adverse variance on this saving.

## CAPITAL BUDGET MONITORING – APRIL 2012 TO JULY 2012

1.13 The 2012/13 Capital Programme approved by Council in February 2012 was £34.89m (excluding contingency). Since then, £7.87m of spend on existing capital projects has been approved, along with re-phasing of £9.61m as recommended in the 2011/12 Outturn Report on 11<sup>th</sup> July 2012.

1.14 The approved Capital Programme for 2012/13 is currently £52.37m (excluding contingency), and is detailed in Appendix 5(ii). Changes to the Capital Programme since July Cabinet are shown in Appendix 5(i).

### 1.15 Progressing Capital Projects Update

- **Keynsham Regeneration** – The planning application for Keynsham new build is being taken to Planning Committee on the 29<sup>th</sup> August. The construction delivery partner has tenders in and cost managers are looking at the preliminary works.
- **Bath Transport Package** – The Councils best and final bid was approved by DfT in July and by Cabinet on the 11<sup>th</sup> July. Work to commence with the delivery of the scheme is now underway.
- **Guildhall Co working Hub** – A Project team has been established and initial design work has been used to gain pre-planning advice. Detailed design work is underway. Co-Working Bath and Bath Spa University will

devise a marketing & PR strategy after which a Community Interest Company will be established to take on the lease and begin procurement.

- **Victoria Bridge** –Temporary works (phase 1 &2) were completed in 2011 Q4 with the ramps being added to the temporary works in May this year, enabling the pedestrian route across the Bridge to be opened to the public. The route will remain open until the (phase 3) permanent works commence in 2013.

Following Cabinet approval for delivery of the full project in June this year, AECOM have now been appointed to deliver the design for the permanent works (phase 3). Design work started earlier this month and is expected to continue through early 2013. The project is currently on budget and completion of the permanent works, and therefore opening of the bridge to the public on a permanent basis, is envisaged in 2014.

- **St Gregory's and St Mark's Joint 6th Form Centre** - is on programme and budget. The planning application was submitted in mid June, and is expected to be determined by the end of September. Tenders have been returned by five main contractors, and is anticipated that the contract will be awarded at the end of September (to tie-in with the planning decision). The building design is based on modern methods of construction, which will speed-up construction time, and enable the new Joint 6th Form Centre to be open at the start of September 2013 (i.e. in time for the 2013/14 Academic Year).
- **Wellsway Sports Hall** – The sports hall is due to be completed in October to allow use after the October half term.
- **Oldfield Co Ed Improvements** – The sports hall and multi use pitch were completed on 25<sup>th</sup> June this year, 2 months ahead of the programme and came in within budget.