

Information for Medium Term Forecasts – Detail on Key Budgets

Key Budget Area	Forecast change 2007/08 - 2008/09 £k	Forecast change 2008/09- 2009/10 £k	Forecast change 2009/10- 2010/11 £k	Reasons & Cost Driver(s)
Car Parking Income	300	0	0	In April 2006 "Pay-on-Foot" car parking was introduced at the two largest revenue earning car parks, under a budget-neutral assumption, balancing the freedom to stay longer, against lower overpayment, lower overstay fines and fewer wardens. This proved unrealistic, with a secondary effect that 60+ bus travel became free, further reducing demand. Current forecasts indicate a continuing budget deficit, although mitigating actions have included higher than expected income from penalty charge notices issued at the city's Bus Gates. However, this income stream will not be sustainable as compliance increases, leaving this as an overall budget pressure.
Car Parking	140	0	0	Government changes - There has been an advance warning that a change in the legislation of the TMA might adversely affect next years revenue. The new legislation will potentially come into effect at the end of March next year. This means that the bulk of PCNs will now only be worth £50 with a corresponding early payment rate of £25 and reduced rate if they progress to debt recovery. Early calculations about the effect of this indicate an overall loss of £70,000 – 140,000 in a full year.
Children Placements	315k	300k	300	Increased placements and growth in average cost of placement
Home to School Transport	50k	50k	0	This estimate is related to the impact of new legislation – is a part year effect (full year effect £100k) – 50% in 08/09 & 50% in 09/10
Pensions and redundancy	70	70	70	Falling school rolls mean more redundancy payments which are picked up by the LEA

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Special Educational Needs	In DSG			Pressures are assumed to be met within DSG funding
Adult: Older People	400	400	400	Average increase in expenditure over the last 5 years of 8%. Expecting over 85 population to increase by 50% over next 20 years. Estimates meant increased costs of £6.3m in 20 years £300k per annum. Also increase in people with dementia less quantifiable but will increase costs (say £100k)
Adult: Mental Health	0	0	0	Expenditure is above average and not expecting change in demographics at this stage. In shorter term requirement to have more cost effective service to be in budget
Adult: Learning Difficulties	500	500	500	Average 9% pa increase in expenditure over last 5 years. Increase due to increasing numbers and increasing numbers over aged 50 who have higher costs. ADSS report shows expenditure on LD increasing by 10% in real terms. B&NES spend has been above average but coming down. Local forecasting anticipates increased costs of £500k pa (2.7% real terms) over next two years. May be offset by service efficiencies.
Concessionary Fares	494	160	160	In April 2006, a new statutory responsibility to provide free travel to 60+ age group was introduced, an enhancement over and above previous half fare scheme. The re-imburement to operators is based on a fixed contribution for each passenger, whereas Central Government grant funding was based on population. A difference was predicted and consequently concessionary tokens discontinued. Service planning for 2007/08 increased budgets to reflect realistic passenger numbers (one of the pressures car parking increases addressed). However, the rate of

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				contribution to bus operators was appealed, and a revised higher rate than Service Planning assumed was determined by the Department of Transport in April 07. Mitigating actions are proposed but other resource pressures means this is a high risk strategy.
Concessionary Fares	136	136	136	Bus Fare inflation above "3% norm" - which is reflected in contributions to bus operators.
Concessionary Fares	24	24	24	Population Growth - as 60+ population rises, so will passenger numbers.
Concessionary Fares	96			Greater awareness / use of scheme. The Welsh experience suggests passenger behaviour will increasingly change to take advantage of a "free service" increasing bus journey per person.
Concessionary Fares	200			New statutory proposal will require councils to provide free travel to all people over 60+, regardless whether the passenger actually lives in the council area from April 2008. Instead where the passenger boards a bus will determine which council pays. An existing local enhancement is that ex-Avon residents already get this benefit, however the risk is that whereas presently total scheme costs are apportioned by of 2005-06 passenger numbers, re-imburement becomes demand led. In particular, if Bath is the destination for out-of council area visitors, this Council will pay all return journeys. This is made worse with Bath a national tourist destination. Mitigating action to attempt to exclude tour buses and Park-and-Ride services is being carried out.
Concessionary Fares	(466)			Additional grant (through RSG) is expected - total DfT control total is £212m - with this estimate being pro-rata to last settlement, so reflecting a population basis. This may increase if the methodology is refined to

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				reflect retail and tourist variables. The grant may exceed additional expenditure and re-imburse existing local enhancements. However, there is a risk of claw back from other RSG changes SO THIS IS NOT GUARANTEED at present.
Concessionary fares – cumulative effect				Cumulative impact of national changes is that to date costs have risen by £1.7m, whilst grant funding has supplied an estimated £0.8m to 07/08 grant settlement (excluding any reduction made for damping).
Waste	150			It is anticipated Service Plan savings to balance the 2007/08 budget are forecast not to materialise, including unrealised refuse contract saving and LATS permit income. Other service pressures included £122K towards West of England Waste Project, which is creating new long term strategy to deal with Landfill allowance trading scheme post 2012. LATS is a cap and trade scheme where strict limits to landfill volumes are required by each council. If volume is exceeded, then either excess permits from other council need to be purchased or penalties of £150 per tonne need to be paid. As non-landfill alternatives are more expensive, this is placing a cost driver on current budgets.
Waste	200			The decision to retain the current service provision mix requires the presently outsourced recycling contract to be market-tested. This forecast represents the extra contract price expected or the equivalent in-house cost. The pressure is unmitigated in 2007-08 budgets.
Waste	472	472	472	Landfill Tax rises @ £8 per tonne per annum (Government set tax). Fixed 59,000 tonnes assumed, with waste growth contained by diversion (see below).

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Waste	40	40	40	Steady state household growth and increase retail packaging trend gives rise to overall tonnage of growth 1,000 tonnes per annum. This is presently captured by increased re- cycling, but this still requires an increased resource basis.
Waste	148	148		Current contract arrangement was let in 1998 on 10 year joint contract with Bristol City Council, with a possible 3 year extension. Bristol has indicated this joint arrangement will not continue and the contract is not sustainable by B&NES alone. Present timescales for change are for contract to be re-let from October 2008 and preliminary market investigation suggest £5 per tonnes can be expected. (No transport assumptions see below).
Waste	1,108	408		With market uncertainty of LATS permits, the optimal strategy is to remain LATS neutral, reducing Landfill to the statutory limits. This can only be achieved through introduction of new services in the short term (longer term new disposal facilities will be developed - the focus of the West of England Waste Project). The most likely response locally is introduction of kitchen Waste collection from households. The estimate is derived from market data for collection contract, disposal and transport arrangements.
Waste	(224)	(288)	(64)	The introduction of Kitchen Waste collections will result in landfill savings of 4,000 tonnes in first year, rising to maximum of 8,000 tonnes per annum from the second year, but more importantly will avoid the requirement to purchase permits or pay fines.
Waste	30	30		BWR project as current envisaged requires the relocation of the Midland Road waste depot, with earliest operation from November 2008. This

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				adds an extra 14 miles disposal round trip to railhead; a similar distance is also current envisaged for alternative disposal. Increased collections costs will be offset by efficiencies of better organisation from new depot.
Waste				Same day collections project, a key service project which is currently assumed to be revenue neutral. However, this represents a once in a generation opportunity to change the waste service product to the householder. In particular new collection methodologies, such as kitchen waste, could be introduced with other service changes to generate efficiency savings, although will require significant change in policy by key Council members should this be considered.
Waste	88	(13)	(156)	Regional Waste Project, including Procurement - as described in current pressures. Significant risk of additional costs if other council do not proceed with project as share of costs increase.
Capital Financing – expenditure	925	587	912	Cost drivers are - Interest rates, Borrowing requirements (particularly unsupported borrowing) and cash flow/slippage of programme
Capital Financing – receipts				None anticipated to finance revenue budget at present, though could be considered up to £2.5m (capital receipts) available. Revenue effect approx £120-£240k, depending on timing of receipt.
Heritage Services income (total, excluding internal)(not net profit)	+£328k	+£419k	+£408k	Admission prices; visitor volumes; conversion rates of visitors to customers (secondary spend). Volumes remain relatively constant – detailed price increases modelled, including price resistance effects; conversion rates will improve following investment
	(approx £400k net increase in income over 3 years Circa £100k in 08/09)			

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Traded Services income – BES(T) and Catering	137	0	0	BEST: currently under review and service may change radically; key drivers: contracts / sales secured. Catering: also under review; key drivers: conversion of pupils to customers and school meal prices. (Catering £46k , plus assumed BES returns to break even but does not meet profit target of £91k)
Planning Income	150			Planning Service has a number of years of efficiency targets which were not addressed in a systematic or sustainable manner by previous management. The budget preparation for 2007-08 re-based the budget to realistic levels with a single savings target identified. Simultaneously, the Service Plan sought to address poor performance, evidenced by the department's Standards status, through a more streamlining planning decision making, with less member committee decision making. This would increase throughput as well as being less resource-intensive and therefore delivery savings. Members have adopted part of these proposals with other elements to be introduced over time.
Planning	50-150	0	0	Support to key local developments – to be determined & will relate to existing investment in the Council vision.
HBS contract	72			Increases to HBS Contract payments (people services) have not been matched to any funding model; and the contract administration has failed to secure either additional cash limit or higher recharges to services to cover the additional costs that have arisen from a higher contract volume.
CPA Fees	253	0	0	Fees for the corporate assessment are expected to be £103k and on top of that there will be additional costs of them being on site for which there is an initial estimate of £150k
Highways	50	50	50	Contract Inflation in excess of 3% norm (more evidence required).

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				Minimum contract levels maintained, further reduction has risk for contractor claim.
Revenue & Benefits	19	0	0	Ongoing pressure, but, but consider re-basing budget from 2008/09 from savings in the Housing Benefit subsidy budget for improved performance leading to improved subsidy, reducing the pressure from £164k to £19k
Benefits administration grant reduction	60			Reduction of 5% in Housing Benefit Admin grant from 2008/09
Empty / void rate relief – changes to legislation	100	0	0	Changes in legislation reducing the time for which void relief is available
Leisure	150	0	0	Potential increase in contract payment following renegotiation of contract