

REVENUE BUDGET MONITORING APRIL TO JANUARY 2008

- 1.1 Appendix 2 outlines the Council's current financial position for the 2007/08 financial year to the end of January 2008 by cabinet portfolio. The Appendix shows that there is a projected year-end overspend of £214,000. This is an improved position from the overspend of £615,000 forecast in the report to the January Cabinet meeting. Directors have continued with actions to bring expenditure back within budget. However within the current £214,000 forecast overspend figure, there are areas of over and under spending which are detailed below along with planned management actions being taken to reduce any overspends.

1.2 Children's Services portfolio – forecast £297,000 overspend

The over spend relates to two main areas as follows:

Children's and Families – forecast over spend of £488,000. The over spend is a result of increased demand on foster care allowances and an additional residential placement. The 2 areas of overspend highlight the increasing demand for placements of children. The services pooled budget arrangements managed through a Joint Agency Panel (JAP) is continually observing increases in both numbers and levels of need. Resources have been allocated to this budget (including resources from the schools budget) to respond to these pressures and to develop local alternatives to reduce future demand for such placements. Further work on limiting the costs of placements by reviewing the number and extent of placements has been ongoing with some success.

Youth Service – forecast overspend of £193,000. The service was set a target of £395,000 savings as part of the 2007/08 service planning process and an action plan was developed to achieve this. The plan has slipped in relation to managing the restructure of the service which has been delayed due to union consultation. The savings from the restructure have been limited due to the costs of pensions and redundancy. Further items in the plan have been delayed due to the impact on frontline services and the need to consult with stakeholders. It is anticipated that the savings target will be achievable during 2008/09.

A virement of £200,000 has been completed from financing charges to the youth service in 2007/8 to support the service in carrying out the restructure.

Increased pressures in 2008/09 are forecasting overspends of £50,000 for Strategic Planning and £150,000 for Young People and Family Support.

1.3 Adult Social Services & Housing – forecast £400,000 under spend

Reasons for Underspend

Older Peoples Services

This budget is overall underspent (£317k). The main variance is due to an underspend on the in-house residential homes in the transition to opening the new community resource centres. There are also underspends on in-house domiciliary care services offset by overspends on purchased domiciliary care. This is due to the transition in re-commissioning the service.

Mental Health Services

This position is an improvement of £133k from last month due mainly to the transfer of funding of two service users to the PCT as they are eligible for Continuing Health Care funding. The budget is forecast to overspend with the main variances as follows:

- Overspend of £576k on purchasing of care for adults.
- Underspend of £134k on in-house services.
- Underspend of £132k on purchasing of care for older people.

Learning Difficulties Services

The pooled budget is forecast to overspend by £999k due to the purchase of placements for adults with learning difficulties. There is an improvement of £85k from last month as there are underspends in the PCT provided services and underspends on staffing due to vacancies. The Councils share of this overspend (£611k) is offset by the underwriting by the Council of £780k.

Other Budgets

These budgets are forecast to under spend mainly due mainly to salary savings. Also there are improvements in Bed and Breakfast recovery within Housing and delay of “invest to save schemes” in the Employment Development Service.

1.4 Customer Services – forecast £1,376,000 over spend

The over spend on this portfolio arises mainly from:

- £846,000 - Parking income and fines
- £565,000 - free public transport to disabled people and those over 60 years of age (adverse appeal result reflecting operator reimbursement plus volume growth).
- Contractor claim.

The current forecast position includes management actions to reduce the over spend mainly from staff savings and alternative income generation.

Further mitigation against the current forecast overspend is planned by funding the contractor claim from revenue reserves and repaying over a 3 year period once the final sum is agreed, a review of income projections (£200,000), further use of Planning grant and other savings (£185,000).

Emerging net pressures in Customer Services (P&T £95K & ES £254K) represent further emerging pressures not recognised in the 2008/09 budget process, which are offset by potential savings still being worked on. Adjustments in cash limits may be needed, and will be brought back for formal decision in due course. Car parking represents the largest pressures, excluding bus gate, for 07/08 this is currently £800K above budget, with only £500K budget adjustment before potential mitigation .

1.5 Development & Major Projects – forecast £500,000 over spend

The Council's emerging Corporate Plan has, as one of its key objectives, Bath & North East Somerset being a distinctive place that has a dynamic economy. In addition, this recognises that the unprecedented level of growth required of the area needs careful management. A significant proportion of work to pursue these objectives and priorities is classified as revenue expenditure whereas Major Project's current budget is predominantly a capital budget. This has been reflected in the over spend now indicated in the Development and Major Projects area. This change has been funded in the 2008/09 budget agreed by Council.

1.6 Resources Portfolio –forecast £1,561,000 under spend

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

Support Services: £77,000 over spend mainly due to the over spend of £204,000 in traded services related to Catering and Building and Engineering Services, and the reclassification of costs associated

with producing capital receipts from capital to revenue. The over spend is partly offset by under spends in Policy & Partnerships and Finance.

Improvement & Performance: £60,000 under spend mainly due to vacancy management.

Council Solicitor: £22,000 under spend due to additional income generation.

Corporate and Agency costs: £1,556,000 under spend is made up of the following:

Minimum Revenue Provision (MRP) - in respect of debt repayments an under spend of £290,000 is due to the final capital spend in 2006/07 being c£10m under spent compared to the estimate used in setting the 2007/08 budget for MRP. This forecast has been updated based on the actual charge to be made following finalisation of the 2006/07 balance sheet.

Loan Charges - The latest capital monitoring report indicates that due to re-phasing and slippage there is unlikely to be the need to borrow during the remainder of 2007/08. The under spend on loan charges has been increased to £375,000 to reflect this.

Investment Income - Additional Investment income achieved over budget due to having higher cash balances available. Current forecast is for additional £1.45 million over budget. This is made up of £270,000 from education capital grant receipts in advance of spend, £230,000 from increased interest rates and £950,000 from capital spend slippage and other favourable cash flow impacts. This position will be closely monitored during the remainder of the financial year.

As reported in the January report there is a shortfall against the corporate efficiency target of £1m.

Housing Benefit Subsidy - An under spend of £87,000 due to a reduction in claims errors leading to higher subsidy.

Pay Award Claw back - The budget set for 2007/08 provided for a settled pay award of up to 2.95%, the finally agreed pay award was 2.475%. The pay budgets have been adjusted to reflect the lower award, creating an under spend of £324k.

External Audit Fees - Projected overspend of £15k resulting from late charges relating to 2006/07 audit.

CAPITAL BUDGET MONITORING – APRIL TO JANUARY 2008

- 1.7 In the Budget Monitoring Report presented to the 8th January 2008 Cabinet meeting, a revised capital budget of £50.013 million for 2007/08 was reported. The budgets are now based on a revised capital programme that was approved by Council in February 2008, which included a total of £18m slippage from 2007/08 into 2008/09 compared to those budgets approved by Council in February 2007.
- A review is being carried out of costs not only on the Bath Package but also Midland Road Waste relocation. In addition, discussions have been taking place on the sub-regional waste strategy. Council representatives are considering our position and the implications of the Council's future capital and revenue budgets. The GBBN project has slipped due to delays in obtaining Department of Transport approval.
 - Major projects reclassification of Revenue / Capital split has been reflected in the budget. In addition, there is a £0.5m underspend in Major Projects Management. The Council is currently funding £500,000 revenue costs arising from this reclassification.

These changes give a revised budget of £45.563m, as reported in Appendix 3.

- 1.8 Capital spend to the 31st January 2008 totalled £26.83m or 84% of profiled spend. Details of the current monitoring position are given in Appendix 3.
- 1.9 Current indications are that the overall capital receipts target assumed in the financing of the capital programme will be met in 2007/08, providing that two current properties that are expected to be but are not yet complete are done so by the end of the financial year.