

REVENUE BUDGET MONITORING APRIL 2008 TO JANUARY 2009

- 1.1 Appendix 2 outlines the Council's current financial position for the 2008/09 financial year to the end of January 2009 by Cabinet portfolio. The Appendix show the current forecast outturn position is an underspend of 1.79% or £2.074m.
- 1.2 Within the current £2.074m 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 2009/10 budget assumes no net under or overspend in 2008/09 after taking account of any carry forwards. While this report indicates a £2.074m underspend, there remain significant risk factors not taken account of in that total, and in addition, carry forward requests of £1.282m have been logged. The 2009/10 budget assumption remains reasonable in that context.

1.4 Customer Services – forecast £1,096,000 overspend

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

Planning & Transportation £516,000 overspend. The bulk of this overspend, £425,000 caused by a shortfall in land charge income. This shortfall is entirely market related and not predictable at the time of the last budget. The decimation of the property market has resulted in dramatic reductions in the number of searches undertaken and the growth of private companies providing similar services is forcing the service into price reductions to stay competitive. The remaining gap is the result of ongoing under funding of concessionary fares £395,000, offset partly by Park & Ride income of £158,000 & staffing efficiencies. Representations are being made to government to recognise the under funding problem but to date are unsuccessful.

Environmental Services £704,000 overspend. The main elements of this overspend are a £960,000 shortfall in parking services income (due to a number of factors including the impact of the recession and increasing park & ride volumes), £572,000 pressures in waste collection (vehicle costs £120,000, Schedule 2 waste £150,000 and garden waste £95,000) and increased street lighting energy costs of £130,000. These are offset by forecast

savings resulting from lower landfill tonnages (£285,000), project economies (£186,000) increased income (£365,000) and a one-off Passenger Transport fuel grant. Officers are actively trying to manage the overspend down and have implemented a recruitment and expenditure freeze to eliminate any non-essential expenditure.

Tourism, Leisure & Culture £123,000 underspend, mainly due to increased non-visitor income & deferral of building investment maintenance in Heritage & increased income from fees & fines in libraries.

1.5 Children's Services portfolio – forecast £222,000 overspend

The main areas that make this overspend up are as follows:

Children's and Families – Legal Costs - This budget is estimated to be overspent by £110,000. The main variance is due to ongoing costs legal associated to care proceedings cases for looked after children.

Children's Service – Parking Permits £68,000 overspend Parking permits for children's service staff located in Bath are facing the ongoing increase in permit costs. No additional resources were identified in the 2008/09 service plan and all permits have been reviewed with limited success in reducing numbers.

Training Services £44,000 overspend Training services is reliant on grant allocations from the Learning and Skills Council (LSC) and for 2008-9 there has been a reduction in allocation of funding linked to certain projects. Whilst the service believes that there will be additional resource available during 2008/09 should additional pupils be entered and complete courses of learning the rates of allocation are such that there is anticipated to be a shortfall in income compared to the costs of courses. This issue has been raised through regional networks to press home the issues with the LSC.

Child Placements & Foster Allowances - £258,000 overspend.

Pensions and Redundancy £126,000 overspend. The pension and redundancy budget includes the costs associated with schools pensions and redundancy. These costs are borne by the LA under the schools finance regulations. Efforts have been made to restrict the number of cases in schools using redeployment where possible. Some schools have had their requests rejected as their budget would support continued employment.

Where redundancies exist due to re-organisation of schools the schools forum have been supportive in allowing the dedicated schools grant to be used to support the one off costs as ongoing savings will be generated for schools to utilise. The cases being supported within this

overspend are mainly resulting from pupil number reductions in individual schools. The overspend could grow further in 2008/09 as though most cases of redundancy have now been agreed there is a possibility of further cases coming forward.

Other Budgets £22,000 overspend.

Legal Costs associated with Care Proceedings - Due to specific legal issues relating to care proceedings we are projecting a one –off cost in 2008/09 of £220,000. In view of the unavoidable, unpredictable & one-off nature of these costs, the Cabinet may in due course consider not requiring the Service to carry forward some or all of this overspend in the context of the overall out-turn for 2008/09.

Mitigating Actions – Utilisation of Grant income, the pooling of inclusion support costs & underspends in service team budgets have released £626,000 to mitigate the overspends identified above.

1.6 Adult Social Services & Housing – forecast £454,000 underspend

Older Peoples Services This budget is overall underspent by £584,000 due to a reduction in purchased placements and changes to clients' assessed contributions. This has been due to a number of factors including the implementation of Individual Budgets, the Intake and Re-enablement Team, and the impact of Continuing Health Care.

Mental Health Services The budget variance is made up of an overspend of £658,000 on purchasing of care for Adults Working Age offset by an underspend of £202,000 on purchase of care for older people and an underspend of £104,000 on in-house services mainly due to existing vacancies

EPH & Supported Living This budget is forecast to underspend by £128,000 largely due to increased income due to high occupancy levels and timing differences in respect of the commencement date of the new contract and the later than budgeted opening of the new Resource Centre in Keynsham.

Learning Difficulties Services Overall the pooled budget is forecast to overspend by £375,000 largely due an increase of Continuing Health Care funded clients. The Council's position after underwriting of £100,000 is an overspend of £129,000.

Other Budgets – There are significant underspends in some of the “Area Based Grants” which were formerly known as “specific grants”.

- £101,000 Workforce grant: a training programme is already committed, however there is the likelihood that there would be slippage due to the programme running into the next financial year. This programme is to support the integration of Health and Social Care including the Achieve Breakthrough change programme.
- £34,000 Mental Capacity Act: This grant is for new responsibilities to social work teams to implement the new act coming into force in April 2009. There has been slippage in some plans for training and mentoring staff involved.
- £74,000 Carers Grant: Due to the integration of Health and Social Care then the overall Carers strategy across the partnership is being reviewed, which has meant a delay in fully committing the grant in year. This commitment is targeted on preventative services in supporting people to continue to live at home.

1.7 Resources & Support Services Portfolio – forecast £2,697,000 underspend

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

Support Services: £591,000 underspend made up of a £49,000 underspend in finance due to slippage in the Procurement programme, £20,000 overspend in Audit, Risk & Information due to restructuring & software costs, net overspend of £85,000 in Traded Services costs offset by £208,000 of improved productivity & staffing efficiencies in Property, an underspend in Policy & Partnerships of £84,000 due to reduced staffing costs & slippage in community engagement project, £353,000 derived from efficiencies and set aside to fund the 3 year Transformation & ICT programmes.

Improvement & Performance: £45,000 underspend due to vacancies & postponement of leadership event.

Council Solicitor: £50,000 underspend due to staffing efficiencies and increased productivity in legal services.

Corporate costs: £2,011,000 under spend is made up of £750,000 additional investment interest from higher than expected cash balances (effect of 2007/08 out-turn including Pension Fund & VAT refund adjustments), £1,048,000 savings in interest payable on long term borrowing, Minimum Revenue Provision & and capital cashflow, £80,000 favourable variance in Agency Framework charging mechanism, £153,000 underspend in CPA Project Costs, and an overspend of £20,000 on coroners due to the start up and equipment costs related to the new mortuary.

As part of the Budget Strategy for 2009/10 and future years, Cabinet & Council will need to consider how best to balance current year interest savings against the low interest expected to arise from very low interest rates in the foreseeable future.

1.8 Development & Major Projects – forecast £242,000 underspend

£62,000 financial slippage in the design of the Public Realm - Street Furniture Project, which will contribute to delivery of the Council's priority on improving transport and the public realm. Work has been reprogrammed to align with the revised project milestones.

£180,000 financial slippage in Regeneration Delivery Plans (RDPs) due to reprogramming to take account of the 'Growth Agenda' paper endorsed by Council in November 2008. The RDPs are critical to facilitate delivery of the 'Future for Bath & North East Somerset' and shape development of the Council's Local Development Framework and Core Strategy, which together will promote the future economic prosperity and well being of the area.

CAPITAL BUDGET MONITORING – APRIL 2008 TO JANUARY 2009

- 1.9 The 2008/09 Capital Programme approved by Council on 19th February 2008 was £61.6m. Since then, £7.5m of slippage from 2007/08 was approved by the Cabinet, as recommended in the 2007/08 Outturn Report on 25th June 2008 and adjustments to the 2008/09 Capital Programme previously reported to Cabinet total £25.4m
- 1.10 Additional changes of £6.6m and rephasing in future years are detailed in Appendix 5(i); slippage of £16.1 from 2008/09 to future years is detailed in the Council papers of 17 Feb 2009. The revised 2008/09 Capital Programme is detailed in Appendix 5(ii).
- 1.11 Appendix 3 outlines the current position for the 2008/09 Capital budget, currently forecasting spend of £83.5m which is £1.7m less than the revised budget of £85.2m. The total programme forecast to 2012/13 is for expenditure of £462.5m which is £4.7m or 1.0% less than the budget.
- 1.12 The £6.7m 2008/09 underspend in respect of Customer Services is mainly due to the £5.1m underspend on the Midland Road relocation project, which has been put on hold. Bath Package is forecasting an additional forecast financial slippage from 2008/09 to 2009/10 of £0.5m.

1.13 The £4.3m current year variance in Children's Services mainly arises from:

- Writhlington £1.4m slippage
- Fosseway £1.0m slippage
- Schools' Devolved Capital estimated £1.0m slippage
- St. John's Development £1.0 slippage

1.14 The Adult Social Services & Housing £4.1m current year underspend is mainly due to slippage of £2.4m in Social Housing Grants & £1.96m in Bath Western Riverside Social Housing contribution.

1.15 Resource & Support Services current year underspend of £2.3m mainly comprises of £1.3m underspend in relation to the former WorkSMART project, which is now replaced by a wider Transformation Programme, and £0.8m underspend in Land Purchase provision.

1.16 Development & Major Projects current underspend of £0.7m is mainly financial slippage on Combe Down Stone Mines Council budget and Southgate.

1.17 In addition, the 2008/09 Capital Programme includes £4.742m of uncommitted corporate contingency, which has been slipped into 2009/10 as not anticipated to be utilised.

1.18 Forecasting Capital Receipts is made more difficult in light of the current economic conditions. The Council had budgeted for £1.1m receipts, which may not be achieved in the current financial year. However, there is potential to achieve other receipts to off-set this variance, but not at the level that was expected to begin contributing to funds for Public Realm improvements.

1.19 Right to Buy receipts could be up to £150k below the target of £1m by the end of the year, and if this is the case, it will still be significantly less than has been achieved in previous years.