

REVENUE BUDGET MONITORING APRIL 2009 TO JULY 2009

- 1.1 Appendix 2 outlines the Council's current financial position for the 2009/10 financial year to the end of July 2009 by Cabinet Portfolio. The Appendix shows the current forecast outturn position is an overspend of 1.78% or £2.218m.
- 1.2 Recovery actions are being put in place and it is anticipated that the majority of the overspend will be recovered by the end of the financial year. These actions will be proactively managed by Strategic and Divisional Directors. Key factors which mitigate the variance include:
- Drawdown of £158,000 from the recession reserve in respect of the parking variance
 - Finalisation of the VAT refund in respect of leisure services for the period 1990-1994 of £1.068m (including interest), of which £700,000 has been included in the 2008/09 accounts, leaving £368,000 in 2009/10.
 - The potential of up to £1m of further planned Customer Services actions, the implications of which are still being assessed.
- 1.3 Within the current £2.218m 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.

1.4 Customer Services – forecast £1,891,000 overspend

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

Planning & Transportation £778,000 overspend. Of this, £466,000 of the overspend is in Planning, mainly due to on-going overspends continued from 2008/09, partly off-set against staff savings. Recessionary pressures have reduced forecast Park & Ride income by a further £251,000 against increased target, and similarly £98,000 reduced income in Land Charges which is also partly due by the ongoing affects of competition. This is offset by a saving of £50,000 in Transport due to short-term vacancies.

Environmental Services £1,145,000 overspend. The main elements of this overspend are a £649,000 shortfall in parking services income, which has been adversely affected by the recession and increasing park & ride volumes. £216,000 overspend in Highways Maintenance mainly due to street lighting measures not yet implemented. £189,000

shortfall in Customer Services Overheads due to delays in implementing Lean Review and overspends of £146,000 in Public Protection plus £170,000 in Neighbourhood Services, both mainly due to on-going full-year effect on pressures from 2008/09. These are offset by forecast savings of £225,000 in Waste resulting from lower landfill tonnages and staff restructuring & realignment.

Tourism, Leisure & Culture £49,000 underspend, mainly due to increased admissions income in Heritage.

The Customer Services management team are working on recovery actions to address the overspend position and currently have identified actions totalling around £1m. The impact and implementation dates of these actions are being assessed and are therefore not currently included in the forecast position reported above. Further plans are in place to mitigate parking pressures and bring the service back into balance within 3 years and may need temporary support from balances in the interim.

To mitigate some of the recessionary pressure being experienced by the service and in accordance with the authorisation set out in the budget report, the Section 151 Officer, in consultation with the Cabinet Member for Resources, has agreed a further transfer of £158,000 from the recession reserve. This transfer is not reflected in the current forecast and will have the effect of reducing the overspend in the current year.

1.5 **Children's Services portfolio – forecast £367,000 overspend**

The main cause of this overspend is £356,000 in Training Services due to income being reduced by the Learning Skills Council (LSC) changing the funding regime at short notice. The Service was closed on 1st August 2009. The overspend is therefore all one-off, being a combination of part year operating costs and severance costs.

1.6 **Adult Social Services & Housing – forecast £682,000 overspend**

Older Peoples Services This budget is projected to under spend by £133,000, due to the overspend in the provision more expensive externally purchased care in residential and nursing care being offset by under spends in less expensive home care and direct payments, which are being encouraged so as to support individuals in their own homes.

Mental Health Services The budget variance is made up of an overspend of £432,000 on purchasing of care for Adults Working Age offset by an under spend of £98,000 on purchase of care for older people and an underspend of £28,000 on in-house services mainly due to existing vacancies. The Position on Adults of Working Age is a long standing

overspend. Over time it is planned to improve the movement of people through the care system to independent living. Work is also ongoing on improving the value for money of individual placements.

Community Resource Centres This budget is forecast to overspend by £37,000 mainly due to additional cover for long term staff sickness.

Learning Difficulties Services Overall the pooled budget is forecast to overspend by £1,245,000 largely due to the continuing pressure in the external purchase placements. The Council's position after underwriting of £240,000 is an over spend of £521,000. In common with the national trend, this area is experiencing an increase in the number of people requiring support. An options appraisal is underway to bring the service back into long term financial balance. Lower than budgeted interest earned on pooled budget arrangements also contributes to this overspend.

Other Budgets There are £49,000 of underspends in other budgets, mainly due to existing staffing vacancies.

1.7 Resources & Support Services Portfolio – forecast £721,000 underspend

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

Support Services: £57,000 overspend made up of a £25,000 overspend in Policy & Partnerships in relation to the current CCTV contract (due for re-tender in January 2010), underspend in Risk & Assurance of £31,000 due to staff savings, overspend of £24,000 in the Energy Team in Property, and shortfall of £39,000 in the Revenues & Benefits savings target.

Improvement & Performance: £48,000 underspend due to vacancies in Performance Development.

Council Solicitor: £57,000 overspend, mainly caused by a reduction in the forecast trading income generated by the Registrars Service.

Corporate costs: £787,000 under spend is made up of £450,000 additional investment interest from higher than expected cash balances and higher interest rates being earned due to fixed term investments being made before base rate cuts, £300,000 savings in Minimum Revenue Provision (MRP) mainly due to rephasing of capital spend into future years. In addition, a delay into 2010/11 of £100,000 spend on Independent Safeguarding Authority due to a revised start date for the national scheme and an overspend of £70,000 on coroners, mainly associated with the need to employ an acting Coroner whilst the Coroner is suspended and additional operating costs related to the new mortuary, makes up this underspend.

1.8 Development & Major Projects – forecast on target

The forecast revenue position is to be on budget, subject to the approval of the £177,000 2008/09 carry forwards. The carry forward decision remains outstanding in that the 8 July Cabinet agreed it, conditional on a review of the proposed programme of expenditure by the Cabinet Members for Resources and Development and Major Projects.

The revenue budget will be tight in 2009/10 to meet the delivery deadlines in respect of Regeneration Delivery Plans and the single conversation with the HCA, as well as a heavy workload in Economic Development in response to the recession.

CAPITAL BUDGET MONITORING – APRIL 2009 TO JULY 2009

- 1.9 The 2009/10 Capital Programme approved by Council on 17th February 2009 was £79.1m. Since then, £10.4m of rephasing from 2008/09 and £11.3m of additional capital projects were approved by Cabinet, as recommended in the 2008/09 Outturn Report on 8th July.
- 1.10 The approved Capital Programme for 2009/10 is currently £100.8m which is detailed in Appendix 5(ii). Changes to the 2009/10 Capital Programme since Council approval in February are shown in Appendix 5(i)
- 1.11 Appendix 3 outlines the current position for the 2009/10 Capital budget, currently forecasting spend of £93.2m which is £7.6m less than the revised budget of £100.8m, of which £793k is underspend, and £6.8m is forecast to be rephased into future years. The total programme forecast to 2013/14 is expenditure of £328.9m which is £5.7m or 1.73% less than the budget. The total programme is likely to increase over time as more certainty is established over funding and approval of projects.
- 1.12 Customer Services – forecast £1,311k underspend**

- Bath Package: The planning committee met on the 5th August and approved the planning application, subject to review by the Secretary of State, for the expansion of Newbridge Park and Ride and the construction of the BRT route, the remaining outstanding consents. The financial impact on delay of approval has not yet been quantified and is not included in this report; the bid element of the project does, however, contain significant contingency.
- GBBN – £1,302k of underspend in 2009/10 comprises: £900k underspend - release of B&NES contingency to the project as a whole, which at West of England level is being considered for reallocation, and may or may not be returned to B&NES; £93k underspend awaiting budget allocation to B&NES from

the West of England in respect of items including the Programme Director and £495k rephasing to future years. In any event it should be noted however that no direct monetary saving will result to the Council as DfT funding will be reduced in line with the reduced costs.

1.13 Children's Services – forecast £419k overspend

- Writhlington (BSF) – is expected to come in on budget however the timing of spend may require rephasing of around £378k from 2010/11 to 2009/10. The grant has been received by the Council significantly in advance of spend throughout the project, therefore this is not an unacceptable position.
- St Keyna – has been completed on time and on budget, and is now in defects liability period.
- Repairs and Maintenance – is forecast to overspend by £48k at this stage due to the overspend carried forward from 2008/09. This may impact on the allocation of projects in 2009/10 and as such Children's Service Finance are liaising with property services to manage this.
- The Building Schools for the Future expression of interest has been accepted. A 'readiness to deliver' statement is being prepared with the aim of entry to the programme in 2010 if possible and 2011 at the latest, but on the basis that it does not require significant Council revenue resources to be set aside to fund a Local Education Partnership (LEP).

1.14 Adult Social Services & Housing

- Community Resource Centres – the facilities are open and have been completed on time and on budget, subject to minor late variation.
- Places for Change – The unspent grant of £163k from the Department for Communities and Local Government will need to be repaid this financial year when it is clear that all costs of initial works have been captured. The future status of the project is currently under review in the context of resolution 2.12 of the February 2009 Council budget report, and further information is included in Appendix 8. Cabinet may want to make recommendations to Council to facilitate a way forward on this project.

1.15 Development & Major Projects – forecast £22k overspend

- Bath Spa – is forecasting a £22k capital overspend due to an increase in the 'Right of Light' provision.

- BWR – The risk remains of English Partnerships not providing sufficient funding; as does the likelihood that s106 contributions to Bath Package and Midland Road Waste Re-provision will be affected. The Council/Cabinet will need to consider the financial implications of any proposed Development Agreement when these are known.
- Growth Points Funding – The confirmation of Growth Points Funding for 2009/10 and 10/11 has been made although this is dependant on submission of core strategies from each UA (5% retained per core strategy). The allocation for 2009/10 has been received and the allocation between the UAs is under review. A recent announcement has been made that the 2010/11 West of England allocation is proposed to be reduced by £2.9m. The impact of this is being considered by the West of England Partnership.

1.16 Capital Receipts

Forecasting Capital Receipts is made more difficult in light of the current economic conditions.

- Unallocated capital receipts are forecast to be £5m. This comprises the next part of the “£100m”. The 2009/2010 capital programme assumes £2.0m of unallocated capital receipts which is broadly in line with actual receipts in 2008/2009 of £1.8m.
- Forecast education ring-fenced capital receipts of £1.7m. These will fund the 2008/09 target of £1.11m which has been slipped into 2009/2010. The balance will be set aside as potential funding in respect of BSF.
- Right to Buy Receipts are budgeted to be £1m, although in the current economic climate, and given that the only receipt since October 2008 was £60k, it may be more realistic to revise the forecast closer to £200k. Growth points Funding will therefore be used to substitute housing expenditure in line with the July '09 Cabinet decision.

1.17 Corporate – forecast £6,735k underspend

The 2009/10 Capital Programme includes £6.7m of uncommitted corporate contingency, which it is assumed will need to be rephased into 2010/11 as it is not anticipated to be utilised in the current financial year given the likely variations in the 2009/10 capital programme, e.g. Children’s Services rephasing, Affordable Housing rephasing, Right to Buy receipts adverse variance, potential BWR requirement for funding and other rephasing.

1.18 Approval of Capital Projects

- As explained in the Council Report of February 2009, there were a number of items included in 'italics' which were not approved at the time, due to a requirement either to be signed off through the Capital Review process or where further work was required on how a funding stream should be spent. In addition, during the year, new projects have been identified which were not previously reported, due in the main to new grant awards. A number of these items have now progressed to the stage where they require approval, and are included in Appendix 12.