

REVENUE BUDGET MONITORING APRIL 2009 TO NOVEMBER 2009

- 1.1 Appendix 2 outlines the Council's current financial position for the 2009/10 financial year to the end of November 2009 by Cabinet Portfolio. The Appendix shows the current forecast outturn position is an overspend of 0.36% or £0.456m. This is an improvement from the previous monitoring figures reported to 2nd September 2009 Cabinet, when the position was a forecast £2.218m overspend (1.78%).
- 1.2 Recovery actions are being put in place to manage the outturn budget position. These actions will be proactively reviewed by Strategic and Divisional Directors.
- 1.3 Within the current £0.456m 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 This report was originally on the agenda for the Cabinet meeting on 13th January 2010, hence the figures reported are as at the end of November 2009. An additional appendix (Appendix 8) has been added at the end of this report to give an update on the position as at 31st December 2009, with details of any significant changes since the November position included at the end of Appendix 8.
- 1.5 **Customer Services – forecast £1,289,000 overspend**

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

Planning & Transportation £542,000 overspend. Of this, £238,000 of the overspend is in Planning, mainly due to on-going overspends continued from 2008/09, partly off-set against staff savings. Recessionary pressures result in a forecast Park & Ride net income shortfall £147,000 against increased target, and similarly £94,000 reduced income in Land Charges which is also partly due by the ongoing affects of competition. This is offset by a saving of £63,000 in Transport due to short-term vacancies.

Environmental Services £972,000 overspend. The main elements of this overspend are a £742,000 shortfall in parking services income, which has been adversely affected by the recession, £189,000 shortfall in Customer Services Overheads due to delays in implementing Lean Review and overspends of £60,000 in Public Protection plus £288,000 in Neighbourhood Services, both mainly due to on-going full-year effect on pressures from 2008/09. These are offset by forecast savings of £88,000 in backdated grant

payments for Transport & Fleet Management, and £228,000 in Waste resulting from lower landfill tonnages and staff restructuring & realignment.

Tourism, Leisure & Culture £226,000 underspend, mainly due to increased admissions income in Heritage.

1.6 **Children's Services portfolio – forecast £1,006,000 overspend**

The main cause of this overspend is a forecast £717,000 overspend for children in care. Although there have been some decreases in the associated costs, there has been an increase in the number of children, and also in the provision requirements for complex needs. There is also a £359,000 forecast overspend 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. There are also some savings on staffing budgets which slightly reduce the overall Service overspend.

1.7 **Adult Social Services & Housing – forecast £361,000 overspend**

Older Peoples Services This budget is projected to underspend by £389,000, 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 £213,000, mainly due to purchasing of care for Adults Working Age. This is partially off-set by an underspend of £47,000 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 underspend by £80,000 mainly due to actively reducing spend on agency staff.

Learning Difficulties Services Overall the pooled budget is forecast to overspend by £1,618,000 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 £749,000. 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 £85,000 of underspends in other budgets, mainly due to existing staffing vacancies.

1.8 **Resources & Support Services Portfolio – forecast £2,200,000 underspend**

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

Support Services: £29,000 overspend mainly made up of a net overspend of £85,000 in Property due to a shortfall in Commercial Estate rental income as a result of recessionary pressures, partially off-set by salary savings & one-off rate refunds. There is also an underspend in Risk & Assurance of £61,000, due to staff savings and Business Continuity recharged to Combe Down Stone Mines.

Improvement & Performance: £4,000 underspend due to vacancies in Strategic Performance.

Council Solicitor: forecast to be on target.

Corporate costs: £2,224,000 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 and £400,000 savings in Minimum Revenue Provision (MRP) mainly due to rephasing of capital spend into future years.

In addition, the VAT refund in respect of leisure services for the period 1990-1994 of £1.068m including interest has been finalised (of which £700,000 has been included in the 2008/09 accounts) leaving £368,000 in 2009/10, there is an underspend of £556,000 in salary costs, due to the 2009/10 pay award being agreed at less than the budget provision, and also £490,000 of provision for inflation on utilities, insurance & recycling is no longer required following proactive procurement.

Also, 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 in unfunded pension costs and £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.

1.9 **Development & Major Projects – forecast on target**

This is subject to the technical adjustment of capital spend on Development & Regeneration projects to revenue.

CAPITAL BUDGET MONITORING – APRIL 2009 TO NOVEMBER 2009

- 1.10 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 £12m of additional capital projects were approved by Cabinet, as recommended in the Outturn Report on 8th July and the subsequent Cabinet meeting on 2nd September.
- 1.11 The approved Capital Programme for 2009/10 is currently £99m which is detailed in Appendix 5(ii). Changes to the 2009/10 Capital Programme since September Cabinet are shown in Appendix 5(i).
- 1.12 Appendix 3 outlines the current position for the 2009/10 Capital programme, currently forecasting spend of £86.3m which is £12.6m less than the revised budget of £99m, of which £13.5m is planned to be rephased into future years within the 2010/11 budget process, the balance being over/underspends or rephasings not yet confirmed. The total programme forecast to 2013/14 is expenditure of £322.5m which is £12.6m or 3.8% less than the budget. The total programme is likely to increase over time as more certainty is established over funding and approval of projects.
- 1.13 **Customer Services – forecast £604k underspend**
- **Bath Package**
 - It has been announced that there will be a Public Inquiry, the date of which has not been confirmed. A paper has been presented outlining the risks and strategy with legal and timing considerations.
 - The Client (Customer Services) is considering alternative strategies to progress this project.
 - A meeting with the DfT to explore the timing of grant approval and the CPO process is scheduled for 4th February.
 - **Two Tunnels Project** The project was submitted to PID group this month; further clarification is required to assess the costs, risks and appropriate contractual structure before this project is progressed further.
 - **Vehicle Purchases (Waste, Passenger Transport, Neighbourhoods)** The programme of Waste and Passenger Transport vehicle replacement has been recommended to be approved for

2009/10 and 2010/11. Neighbourhoods vehicle purchase is recommended to be approved on the basis that only urgent items will be procured and that a rigorous review of future needs is required before committing funds for future years (2010/11 and beyond); this is proposed to be via a Category Management pilot.

- **Leisure** A Short Life Group has been set up to report back to SDG on Leisure Strategy and capital expenditure.
- **Waste** The service is considering the strategic position in respect of waste sites (consistent with latest BWR position).

1.14 **Children's Services – forecast £10.3m underspend**

- The Children's Services budgets and forecasts are not fully aligned; work is underway to reflect robustly a more accurate position. Many substantial issues have been resolved, reflected by the forecast underspend, with minor alignments still to sort out. The majority of this work will be completed for the 2010/11 budget report, and further minor adjustments may be required either at the outturn report or for subsequent cabinet decision.
- **Secondary School Provision/BSF** The BSF expression of interest has been accepted. The timescale for entry into the programme is uncertain but it is hoped that we will be invited to enter the programme by 2011 at the latest. Every Local Authority has to submit a "Readiness to Deliver" document to the DCSF before they can be considered for entry to the programme and although we will not be expected to submit our Readiness to Deliver until Spring 2011 a deadline of February 2010 has been set to complete the document so that we are fully prepared for possible earlier entry. However due to the uncertainty about the future of BSF funding further funding options outside BSF are being developed to enable the Council's strategy for secondary schools to be taken forward.

1.15 **Adult Social Services and Housing - £1.3m underspend**

- **Social Housing Grant** Re-phasing of £1.2m from 2009/10 to 2010/11 has been forecast. This needs to be monitored to ensure that all forecast expenditure is against committed projects.
- **Disabled Facilities Grant** The funding of future years spend on DFGs is a pressure for Adult Social Services and Housing as there is not sufficient grant funding to cover the spend. The service is considering the best way to finance this, including through service supported borrowing in 2010/11. From 2011/12 onwards the sustainability of this programme needs to be resolved.

1.16 **Support Services - £142k overspend**

- **Property Repairs & Maintenance** The 2010/11 property capital repairs & maintenance programme is proposed to be funded by capital receipts. This proposal will now be considered by property board.

1.17 **Development & Major Projects - £599 underspend**

BWR

- The project has in principle agreed a business case (subject to ongoing Cabinet consideration); however the issue of financing the gap in funding is still to be resolved. Part of this gap is due to the reduced level of Right To Buy receipts from those anticipated.
- EU procurement issues will need to be addressed as part of the progression and management of this project.
- The issue of the liability relating to River Walls remains.

Combe Down Stone Mines

- The main scheme is in final months on site and is forecast to complete within budget. The calculation of future liabilities is ongoing.
- The Foxhill project is largely complete, finishing well within the target sum.

1.18 **Growth Points Funding**

- Growth Points Funding for 09/10 has been awarded, and that for 2010/11 has been indicatively announced. The current best estimate of BANES allocation is £4.6m. This will be used as follows: £1.4m on the Public Realm – City Information Scheme – which can be drawn down immediately; the project is underway, with the balance funding BWR infrastructure works as and when the project goes ahead.

1.19 **Capital Receipts**

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

- Unallocated capital receipts for 2009/10 are forecast to be around £3.5m with £839k received to date. The 2009/10 capital programme assumes £2.0m of unallocated capital receipts which is in line with actual receipts in 2008/09 of £2m.
- Forecast education ring-fenced capital receipts for 2009/10 of £2.6m. These will fund the 2008/09 target of £1.11m which has been slipped

into 2009/10. The balance will be set aside as potential funding in respect of secondary school provision/BSF.

- Right to Buy receipts: £402k has been received to date this year which relates to the sale of 6 properties. This is greater than previously forecast (£250k) but still less than the budget of £1m. This shortfall has a knock on affect of funding housing spend for BWR.

1.20 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 6.