

REVENUE BUDGET MONITORING APRIL 2009 TO JANUARY 2010

- 1.1 Appendix 2 outlines the Council's current financial position for the 2009/10 financial year to the end of January 2010 by Cabinet Portfolio. The Appendix shows the current forecast outturn position is an underspend of 0.35% or £0.445m. This is an improvement from the previous monitoring figures reported to 3rd February 2010 Cabinet, when the position was a forecast £0.456m overspend (0.36%).
- 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 £0.445m 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.
- 1.4 **Customer Services – forecast £1,152,000 overspend**

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

Planning & Transportation £630,000 overspend. Of this, £293,000 of the overspend is in Planning, mainly due to on-going overspends continued from 2008/09, partly off-set against staff savings. There is a forecast Park & Ride net income shortfall £170,000 against an increased target. Land Charges are forecasting a net income shortfall of £210,000 which is partly due to the recession and partly by the ongoing affects of competition, and Transport Design and Projects are forecasting a £148,000 overspend, due mainly to the use of agency staff as opposed to permanent staff and an under-recovery of Geographic Information System recharges. This is offset by a saving of £101,000 in Transport due to short-term vacancies and increased grant income.

Environmental Services £1,030,000 overspend. The main elements of this overspend are a £650,000 shortfall in the increased parking services income target, which has also been adversely affected by the recession, £189,000 shortfall in Customer Services Overheads due to delays in implementing Lean Review, overspends of £65,000 in Public Protection plus £297,000 in Neighbourhood Services, both mainly due to on-going full-year effect on pressures from 2008/09. These are offset by forecast savings of £138,000 in Waste resulting from lower landfill tonnages, price increases for scrap metal and staff restructuring & realignment.

Tourism, Leisure & Culture £208,000 underspend, mainly due to increased admissions income in Heritage.

Recession Reserve It is proposed that £300,000 be allocated from the Recession Reserve to help offset the impact of the recession on Customer Services' income budgets.

1.5 **Children's Services portfolio – forecast £1,077,000 overspend**

The main cause of this overspend is a forecast £785,000 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.

1.6 **Adult Social Services & Housing – forecast £300,000 overspend**

Older Peoples Services This budget is projected to underspend by £349,000, 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, plus staffing vacancies.

Mental Health Services The budget variance is made up of an overspend of £266,000, mainly due to purchasing of care for Adults Working Age. This is partially off-set by an underspend of £57,000 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 £98,000 mainly due to actively reducing spend on agency staff and higher than budgeted client contributions.

Learning Difficulties Services Overall the pooled budget is forecast to overspend by £1,510,000 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 £683,000. 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 £145,000 of underspends in other budgets, mainly due to existing staffing vacancies.

1.7 **Resources & Support Services Portfolio – forecast £3,174,000 underspend**

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

Support Services: £686,000 underspend mainly made up of a net underspend of £235,000 in Property & Facilities due to staffing savings and addition income streams in Property Service and one-off rate refunds in Corporate & Commercial Estate. There is also an underspend in Risk & Assurance of £174,000, due to a delay in the Procurement process review, and a rebate receipt from an agency staff provider, as well as forecast underspends in Policy & Partnerships of £122,000 due to slippage in the Carbon Management Programme, and £158,000 in Customer Access due to delays in upgrading the Customer Relationship Management (CRM) system.

Improvement & Performance: £39,000 underspend, due to a delay in implementation of a Recruitment Portal with the other ex-Avon authorities, plus vacancies in Strategic Performance.

Council Solicitor: forecast to be £27,000 overspent, due to various small overspends in Democratic Services.

Corporate costs: £2,475,000 under spend is made up of £550,000 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.

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. There are also forecast underspends of £170,000 from various other budgets, including support for West of England partnership and Single Status team costs.

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 £89,000 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.

1.8 **Development & Major Projects – forecast £200,000 overspend**

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

CAPITAL BUDGET MONITORING – APRIL 2009 TO JANUARY 2010

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 £15.5m of additional capital projects were approved by Cabinet, as recommended in the Outturn Report on 8th July and subsequent Cabinet meetings on 2nd September and 3rd February.

1.10 February Cabinet also approved £13.5m of rephasing from 2009/10 to future years, resulting in a revised capital programme for 2009/10 of £91.6m which is detailed in Appendix 5(ii). Changes to the 2009/10 Capital Programme since February Cabinet are shown in Appendix 5(i).

1.11 Appendix 3 outlines the current position for the 2009/10 Capital programme, currently forecasting spend of £91.2m which is £0.4m less than the revised budget of £91.6m. The revised budget takes into account additions to the programme along with the rephasing reductions approved by Cabinet in February. The total programme expenditure forecast to 2013/14 is £468.8m which is £12m or 2.5% less than the budget. The total programme may increase further before the end of March as more certainty is established over funding and approval of projects.

1.12 **Customer Services – forecast £1.5m underspend**

- **Bath Package** The scheme is currently being considered on a regular basis by cabinet members.
- **Two Tunnels Project** Progression of this project is pending single member decision.

1.13 **Children's Services – forecast £1.7m overspend**

- **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 April 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. A public consultation process on proposed changes to secondary schools in Bath and Keynsham including school closures will start in March and conclude in May with a report to Cabinet on 21st July. Any changes approved by Cabinet are not dependent on gaining entry to BSF funding.

1.14 **Adult Social Services and Housing - £0.1m underspend**

- **Disabled Facilities Grant** 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.

1.15 **Support Services - £0.2m overspend**

Property

- The Lewis house refurbishment as part of the offices project was approved by Cabinet in December. The overall office project is anticipated to deliver significant revenue savings.
- The funding of the costs in respect of land purchase for the Charlton Road development deal is still to be resolved.

1.16 **Development & Major Projects - £0.8k 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 originally anticipated. The project is planning to report to informal cabinet in April.
- EU procurement issues are being addressed as part of the progression and management of this project.

- The issue of the liability relating to River Walls has been reviewed through a condition and maintenance report to CSG. This does not appear to be as significant as previously thought.

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.

1.17 Capital Receipts

Forecast for 2009/10;

- Un-ring fenced: £3.1m (previous month £3.4m)
- Education ring fenced: £0.5m (previous month: £2.6m)
- Right to Buy: £0.4m (previous month £0.5m) Subject to IFRS impact review.

1.18 Approval of Capital Projects

- The Council Budget Report in February 2010, included a number of projects in 'italics' for information, which were not approved at the time, due to a requirement either to be signed off through the Capital Approval process or where further work was required on how a funding stream should be spent. In addition, during the year, new projects will be identified which were not previously reported. A number of previously 'italic' items have now progressed to the stage where they require approval, and are included in Appendix 6.