

Corporate Policy Development and Scrutiny Panel

Date: Tuesday, 25th March, 2025

Time: 4.00 pm

Venue: Council Chamber, Guildhall

Councillors: Robin Moss, Ian Halsall, Hal MacFie, Toby Simon, Malcolm Treby,
Colin Blackburn, George Tomlin and Duncan Hounsell



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NOTES:

1. **Inspection of Papers:** Papers are available for inspection as follows:

Council's website: <https://democracy.bathnes.gov.uk/ieDocHome.aspx?bcr=1>

Paper copies are available for inspection at the Guildhall - Bath.

2. **Details of decisions taken at this meeting** can be found in the minutes which will be circulated with the agenda for the next meeting. In the meantime, details can be obtained by contacting as above.

3. **Recording at Meetings:-**

The Openness of Local Government Bodies Regulations 2014 now allows filming and recording by anyone attending a meeting. This is not within the Council's control.

Some of our meetings are webcast. At the start of the meeting, the Chair will confirm if all or part of the meeting is to be filmed. If you would prefer not to be filmed for the webcast, please make yourself known to the camera operators.

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The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group.

Advance notice is required not less than two full working days before the meeting. This means that for meetings held on Thursdays notice must be received in Democratic Services by 5.00pm the previous Monday.

Further details of the scheme can be found at:

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=12942>

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Corporate Policy Development and Scrutiny Panel - Tuesday, 25th March, 2025

at 4.00 pm in the Council Chamber, Guildhall

A G E N D A

1. WELCOME AND INTRODUCTIONS
2. EMERGENCY EVACUATION PROCEDURE

The Chair will draw attention to the emergency evacuation procedure as set out under Note 6.

3. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS
4. DECLARATIONS OF INTEREST

At this point in the meeting declarations of interest are received from Members in any of the agenda items under consideration at the meeting. Members are asked to indicate:

- (a) The agenda item number in which they have an interest to declare.
- (b) The nature of their interest.
- (c) Whether their interest is **a disclosable pecuniary interest** or an **other interest**,
(as defined in Part 4.4 Appendix B of the Code of Conduct and Rules for Registration of Interests)

Any Member who needs to clarify any matters relating to the declaration of interests is recommended to seek advice from the Council's Monitoring Officer or a member of his staff before the meeting to expedite dealing with the item during the meeting.

5. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN
6. ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING

At the time of publication no notifications had been received.

7. MINUTES (Pages 7 - 12)
8. CABINET MEMBER UPDATE

The Cabinet Member will update the Panel on any relevant issues. Panel members may ask questions on the update provided.
9. AEQUUS PERFORMANCE UPDATE (Pages 13 - 24)
10. QUARTER 3 BUDGET MONITORING UPDATE (Pages 25 - 58)
11. COMMERCIAL ESTATE UPDATE (Pages 59 - 74)

12. CORPORATE ESTATE UPDATE (Pages 75 - 80)
13. PANEL WORKPLAN (Pages 81 - 84)

This report presents the latest workplan for the Panel. Any suggestions for further items or amendments to the current programme will be logged and scheduled in consultation with the Panel's Chair and supporting officers.

The Committee Administrator for this meeting is Michaela Gay who can be contacted on michaela_gay@bathnes.gov.uk, 01225 394411.

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BATH AND NORTH EAST SOMERSET

MINUTES OF CORPORATE POLICY DEVELOPMENT AND SCRUTINY PANEL MEETING

Tuesday, 28th January, 2025

Present:- **Councillors** Hal MacFie, Toby Simon, Malcolm Treby, Colin Blackburn, George Tomlin and Duncan Hounsell

Apologies for absence: Councillors: Robin Moss and Ian Halsall

124 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting.

125 EMERGENCY EVACUATION PROCEDURE

The Chair drew attention to the emergency evacuation procedure.

126 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Councillor Robin Moss gave his apologies. Councillor Treby (Vice Chair) chaired the meeting.

Councillor Ian Halsall gave his apologies.

127 DECLARATIONS OF INTEREST

There were none.

128 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

There was none.

129 ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING

David Redgewell (Transport South West) made a statement regarding the Transport levy which has been frozen for 5 years. He stated that the cost of running buses has risen and the Mayor has asked that the levy be raised. He urged that the levy be in place by Friday otherwise less bus services from September.

The Executive Director explained that a request has been received from WECA, the budget will be published shortly.

130 MINUTES

The Panel confirmed the minutes of the previous meeting as a true record and they were duly signed by the Chair.

131 CABINET MEMBER UPDATE

The update is contained in the Budget item.

132 BUDGET AND COUNCIL TAX 2025/26 AND FINANCIAL OUTLOOK

The Cabinet Member for Resources, Councillor Mark Elliott introduced the report. He explained that the underlying theme was uncertainty and that the final figures would be available in early February. He stated that a cautious and carefully balanced budget would be presented.

The Chair of the Children, Adults, Health and Wellbeing PDS Panel gave feedback from her Panel. Councillor Romero stated that there was a lack of information due to the growing lateness of information from Government (for example funding of the safety valve) which made the budget proposals difficult to scrutinise. She stated that there were concerns about there being similar proposals to last year. She pointed to the huge amount of work in non-statutory services and work on early support.

The Chair of the Climate Emergency and Sustainability PDS Panel gave feedback from his Panel. Councillor Wait stated that most things within the remit of the Panel are non-statutory activities so difficult to scrutinise. He agreed that there had been a lack of information in that no Capital Budget information was available. He stated that he was pleased to see funding for 3 school streets in the budget. He asked that more information be supplied in future years.

Panel members made the following points and asked the following questions:

Councillor MacFie asked if the costs regarding Children's Services are being investigated. The Cabinet Member stated that the plan is to bring more back in house and address the home to school transport issue as we are currently at the whim of the external market. He stated that things that were dismantled a long time ago are being rebuilt. Regarding home to school transport he stated that there is some work we can do around single taxi journeys. The Executive Director added that there is an action plan regarding home to school transport and that there are several drivers to the current pressures in the budget area such as more children in residential care. She stated that the focus was on what is best for young people. She stated that work is being done with health colleagues regarding children with education and health needs.

Councillor Blackburn stated that the Panel had consistently asked for data to show the context of the budget proposals to include information from the previous year and trajectory. He stated that we can look at a 5 year projection but not look back. He stated that he totally took on board the pressures but asked for more data. The Cabinet Member stated that he would be happy to work with the Panel to produce the detail they want. He stated that Annex 1 shows the last year and this year for each portfolio. He stated that there is no attempt to hide information.

Councillor Simon stated that these are more transparent budget papers than in previous years and in other authorities. He stated that it can be difficult to balance the bigger picture with too much detail. He stated that he felt there were robust

proposals and that it would be helpful to have line by line risk analysis in severity order. Some risks (such as contract inflation are only moderately stated). He asked if there is provision for National Insurance increases in the care sector. The Executive Director explained that there is a lot of dialogue with the sector and that there is an annual grant from Government to allow us to give an uplift. There is pressure and discussions are ongoing.

Councillor Treby asked if the 3% increase on last years budget for Adult Services was achievable. The Cabinet Member stated that officers had signed off on this figure and we know there may be pressures. The level of uncertainty is higher than usual. We have a good record on achieving savings plans but predicting cost increases is more difficult.

Councillor Treby asked if the money generated by Heritage Services is a sufficient contingency. The Cabinet Member for Economic and Cultural Sustainable Development, Councillor Roper, explained that the Roman Baths is the key driver. There are other activities going on such as the shop, guided tours etc. and visitors will be charged more. There is a multiple pronged approach to revenue. The Cabinet Member for Resources, Councillor Elliott stated that there is contingency provision against high risk areas.

Councillor Treby asked how much Capital is flowing into next year and what level of borrowing there is for the Capital Programme. The Cabinet Member explained that Capital underspend is not a good thing, he is comfortable that it is not hitting the revenue budget. The officer added that Quarter 3 should be factored in and these figures are not in the report, there will be more details in the report to Cabinet in February. The Cabinet Member added that a lot of Capital schemes are grant funded not funded by borrowing.

Councillor Simon asked if the borrowing regarding the Capital Schools Grant overspend has a revenue cost and what is the additional borrowing cost. The officer stated that the deficit falls on the Council, we would have £33m more if the Government had funded this. The Cabinet Member added that there is a delay in the Government funding regarding Culverhay.

Councillor Simon asked about the 4 maintained schools that are left and if we should be encouraging them to join an academy. The Cabinet Member for Children's Services, Councillor May, explained that SEND and DSG funding is a national issue. He explained that 94% of schools in the authority are in academies. Decisions are made by the Department for Education. We need to develop new ways to communicate with schools such as the School Funding Board. He agreed that the Council cannot provide the same level of back office (for example Human Resources) support to schools with such a small number.

Councillor Hounsell asked about the estimate of 4% (then 3% thereafter) of pay inflation. The Cabinet Member stated that we are as confident in that figure as we can be and have been through the due diligence. The Chief Executive added that inflation has spiked and feels more stable now so there is an expectation that the pressure will reduce.

The Chair thanked the Cabinet Members and asked them to note the comments of the Panel.

133 NEW LIBRARY SYSTEM ROLL OUT - UPDATE

The Cabinet Member for Neighbourhood Services, Councillor Tim Ball, introduced the report.

Panel members made the following points and asked the following questions:

Councillor Simon explained that he had asked for the report. He pointed to the suggestion in the report that we might disengage from Libraries West which he believes should be ruled out. He stated that this was an attempt to learn to run a multi authority procurement system for IT and this one has not worked. He stated that as a regular user, he has not noticed any improvements since the early days. Pages are still taking 20 seconds to load, there is not enough computer power. He thanked the Cabinet Member and officer for the information regarding correspondence with Axiell. He had hoped the Panel would have access to all KPIs and monitoring figures to see if the contract addressed all important issues. He stated that there are lessons to be learned regarding major IT procurement. The officer stated that he agreed. He explained that Somerset are leading on this and all are speaking from the same hymn sheet. He stated that Axiell had provided full 10% backdated. There will be a 'lessons learned' piece of work coming in the following months. It has been difficult. The Libraries West Board meets weekly, there is a lot to discuss.

Councillor Blackburn stated that this organization has been doing this for years so it will be interesting to see the 'lessons learned' information. He stated that 10% and no apology was shocking considering the poor performance. He stated that he hoped Somerset will do their job. The officer stated that it was challenging to work with multiple authorities.

Councillor Hounsell stated that there was no question of withdrawing from Libraries West and no criticism of support BANES officers have given – this is about a procurement contract.

Councillor Simon stated that when the 'lessons learned' review is done, this could be a future item for the Panel to consider, maybe in connection with other authorities. He asked the officer to pass on the flavour of the Panel discussion on to colleagues at Somerset.

The Chair thanked the Cabinet Member and officer.

134 PANEL WORKPLAN

Panel members noted the future plan.

The meeting ended at 5.08 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

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Bath & North East Somerset Council		
MEETING	Corporate Policy Development & Scrutiny Panel	
MEETING DATE:	25th March 2025	<small>EXECUTIVE FORWARD PLAN REFERENCE:</small>
TITLE:	Aequus Performance Update 204/25	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1: Aequus Performance Pack Q4 2024/25		

1 THE ISSUE

1.1 This report provides an update on the Aequus company performance for the year 2024/25 against the approved Business Plan Objectives

2 RECOMMENDATION

The Committee is asked to;

2.1 To note the Company Performance for the 2024/25 financial year against the new Business Plan 2024 to 2030 objectives.

3 THE REPORT

- 3.1 The objectives for the Company are set as part of the Business Planning process approved by the Shareholder and are used as the key benchmark for assessing company performance.
- 3.2 Following the approval by the Shareholder of the new Business Plan for 2024 to 2030 Aequus moved to report on performance against the new objectives set out in this plan. They have also used this opportunity to refresh the performance pack to align with their new performance reporting systems. The new pack was trialled with Investment Board in January 2025 and provides:
- A summary of the key performance issues.
 - A Company performance dashboard against the company objectives.
 - An operational summary dashboard for the pipeline of sites.
 - The updated company strategic risk register.
 - The company financial dashboard
- 3.3 The company performance pack for Q4 2024/25 is set out at Appendix 1 for consideration and discussion by panel. The pack shows a positive performance for the year with good progress being made across a range of partners and sites. The performance also recognises that whilst all sites are progressing, the prolongation to get to a start on site position due to viability, planning and decision making challenges, remains a key focus to secure the pipeline.
- 3.4 The Annual Dividend for 2024/25 will be subject to formal approval with the Annual Accounts and, the financial performance for the year is expected to confirm the potential annual £1M financial return to the Council. The dividend payment itself will also be subject to the usual company sustainability review for the following 12 months which will rely on several future pipeline sites being secured by this point (September 2025).

4 STATUTORY CONSIDERATIONS

- 4.1 Aequus is a wholly owned B&NES group of companies, established by the Executive in accordance with the powers set out under S1 of the Localism Act 2011(the general power of competence).
- 4.2 The Council approved the current Shareholder Reserved Matters on 24th March 2022.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The Annual Dividend for 2024/25 will be subject to formal approval with the Annual Accounts and, the financial performance for the year is expected to confirm the potential annual £1M financial return to the Council.

6 RISK MANAGEMENT

- 6.1 Risk management measures have been identified to mitigate this to acceptable risk tolerances through the diversification of land supply from the Council

Corporate Estate asset review and partnership working. Market forces are managed through strengthening strategic supply chain relationships and continued prudence in cost and sales values on individual site by site business cases.

7 EQUALITIES

7.1 As a business planning decision, equalities impact of the actions flowing from this plan will be subject to equality impact assessments at each business case approval point. This decision has no adverse impact upon individuals with protected characteristics.

8 CLIMATE CHANGE

8.1 The Company is committed to supporting its Shareholder tackle the climate and ecological emergencies as set out in the Business Plan's short, medium and long-term objectives:

- Short term (the next 1 to 3 years): all Aequus new developments will be built to achieve EPC A energy efficiency ratings.
- Medium term (next 3 to 5 years): o Aequus will create sustainable developments that that support the councils core policies of tackling the climate and ecological emergencies
- Long term (next 5 years +): Aequus will deliver carbon neutral developments.
- or such other standard as determined by the Council.

9 OTHER OPTIONS CONSIDERED

9.1 None

10 CONSULTATION

10.1 None

Contact person	<i>Graham Sabourn: graham_sabourn@bathnes.gov.uk</i>
Background papers	<i>None</i>
Please contact the report author if you need to access this report in an alternative format	

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Aequus Group Performance Reports as at March 2025



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This performance pack shows our performance reporting in-line with the recently approved Business Plan 2024 to 2030. All information flows from a single reporting process which ensure information presented across all Company and Partners meetings is consistent in presentation and content. The data is updated Monthly and this report covers the period to 28th February 2025, to be presented to the Company Board in March 2025.

COMPANY PERFORMANCE

- Good progress is being made with sites in delivery.
- Positive discussions held with a range of potential public sector partners and sympathetic land owners.
- EPC A being progressed on all B&NES Sites.
- B&NES £1M financial return on-track for 2024/25 subject to status of future years pipeline.
- Potential to be on site for 7 sites by March 2027 - pipeline prolongation remains a key challenge.

OPERATIONAL PERFORMANCE

The operational performance highlights are:

- Pipeline remains strong with over 1,000 units with 575 of these are at Probable Stages.
- There is prolongation of pipeline sites with viability and approval processes proving challenging.
- Alternative land transfer approach being discussed with B&NES to facilitate progress of BQS & Stall Street
- Bath Quays North progressing well and planning application submitted - SoS targeting Q1 2026/27

RISK REGISTER























The most significant risks currently identified are:

- Prolongation of pipeline sites with viability and approval processes proving particularly challenging.
- Failure of key contractors suppliers as a resulting of challenging economic circumstances.
- Impact of rising prizes of construction materials and labour costs on future viability.

A range of actions and mitigations are set out in the attached risk register.

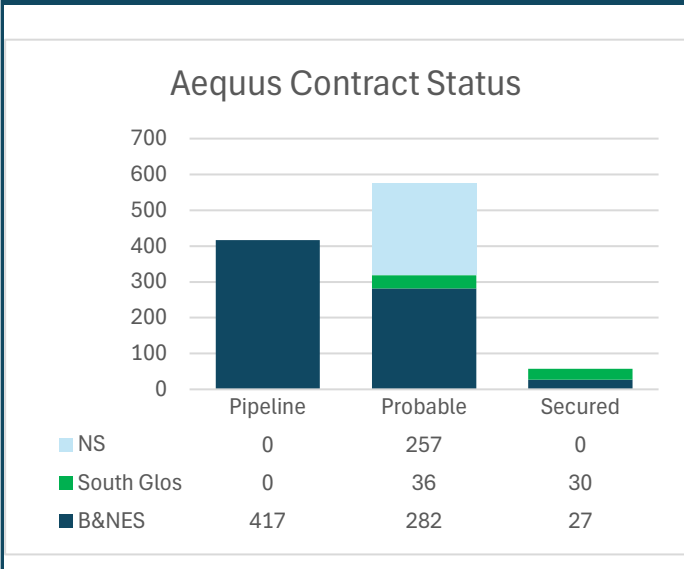
FINANCE

- The 2024/25 Out-Turn for ACL reflects the pipeline slippage impact on revenue but profitability remains very positive.
- The 2024/25 Out-Turn for ADL reflects impact of stubbornly high interest rates and the LAHF programme.
- Company cashflow remains positive although timely pipeline progression is key to longer term sustainability for ACL.
- B&NES £1M financial return on-track for 2024/25 - future years are subject to pipeline.

Short Term Objective 2024/25 to 2026/27		RAG	OUTLOOK	Progress Narrative
1	We will use our expertise to support our public sector partners to unlock land for housing delivery.			Good progress has been made with our existing Council Partners and a pipeline of sites is progressing well. Homes England, WECA and NHS Property discussions have been positive, and first site acquisition from NHS is in progress.
2	We will provide fair land values recognising our social value outcomes.			We are working with relevant land owning partners to determine site outputs required and balance between land value and site objectives. All land values will be Sct 123 compliant with independent valuation. Viability remains challenging.
3	We will develop the right mix of homes – the right home in the right place.			The housing mix we propose is based on local housing need advice from LA Housing Teams, together with local agent advice. All current and future schemes are based on this continued approach.
4	Our developments will be tenure blind with the same build quality applied to affordable and market homes.			Manor Gardens is complete and delivered with a tenure blind approach. Argyle Works and Danes Lane are 100% affordable schemes. Future developments are planned on a tenure blind basis.
5	Our new developments will be built to achieve EPC A energy efficiency ratings.			Manor Gardens, Argyle Works and Danes Lane are all set to achieve EPC A rating. All future B&NES schemes being developed to achieve EPC A as minimum unless otherwise specified by the relevant partner. Government has announced a review of EPC rating which will need to be considered.
6	We will deliver policy compliant affordable housing on all developments as a minimum.			All schemes to date have met this objectives. Currently 100% affordable schemes in delivery at Argyle Works and Danes Lane. Future schemes are being planned to meet this requirement as a minimum.
7	We will seek to provide options for “local residents” to have a first opportunity to buy our homes.			Currently no new market schemes in/nearing delivery. This approach is being factored in for future projects including a Key Worker option for BQN.
8	We will not land-bank sites.			Sites and Manor Gardens, Argyle Works and Danes Lane progressed immediately. Future project plans do not provide for land banking.
9	We will recognise the support of our partners in all comms and marketing for developments.			B&NES and SGC engaged with press releases and social media posts for all related comms. Will seek to expand comms and marketing as the range of sites and partners increases.
10	We will provide at least £1M of financial returns annually to support front line services.			2024/25 financial return secure - future years subject to pipeline, which if achieved will deliver to target.
11	By year ending 2027 we will be delivering on 9 sites.			Currently delivering on 2 sites (Argyle Works and Danes Lane) with 2 more pending (Milsom Street and Cotterill Court). Potential to achieve 7/8 sites based on current programme. Working to identify additional opportunities.

Project Category Status Analysis

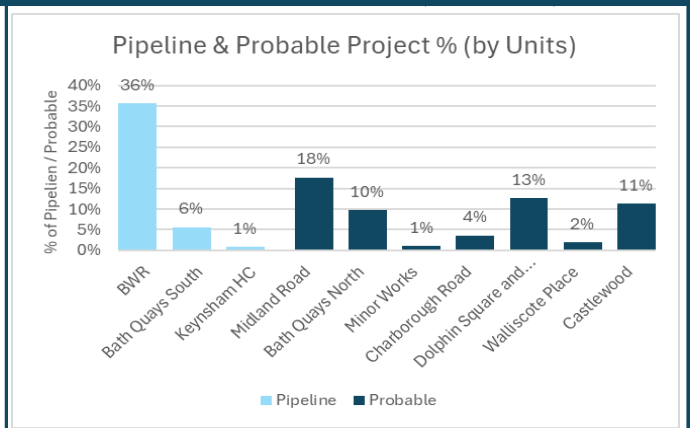
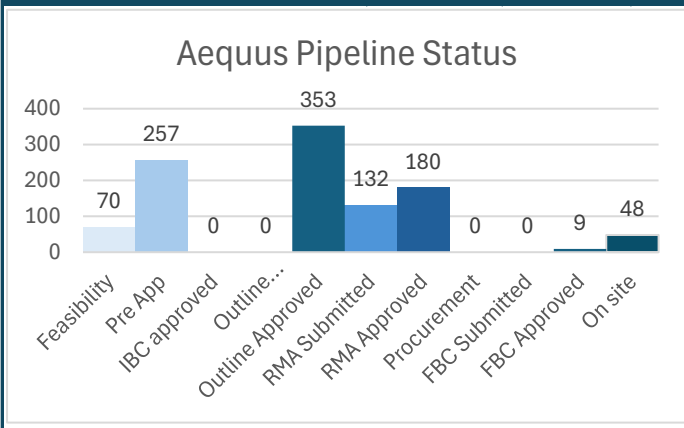
Date: Feb-25



Category	Current		Previous		Variance	
	Total	%	Total	%	Total	%
Secure	57	5.4	57	5.4	0	0.0
Probable	575	54.8	569	54.3	6	0.5
Pipeline	417	39.8	422	40.3	-5	-0.5
Total	1049		1048		1	

In the period the only changes are Cotterell Court obtaining planning (5 unit) and Stall St (6 units) moving to Probable.
Neither scheme have received an instruction
 Milsom Street has now been fully instructed
 The NHS Heath Centre opportunity is progressing although this may now be delayed due to the bird nesting season
 NSC projects progressing well and we are hopeful to receive stage 2 instructions on all 3 schemes (270 units).

Project Development Analysis



Key Dependencies Update

Project	Partner	Requirement	Current status	RAG
Bath Quays North	B&NES	Planning & FBC sign off Q4 2025 with SoS Q2 2026	Planning application submitted	Green
Midland Road	B&NES	FBC sign off Q3 2025 enabling demolition & SoS Q3 2026	Pre-app submitted for s73 application. Updated viability shared with B&NES.	Yellow
Milsom Street	B&NES	FBC Q4 2024 with SoS Q2 2025	Fully instructed, contractor appointment expected within the next month.	Green
Stall Street	B&NES	Approval to proceed enabling sale units to complete 2026/27	We are exploring alternative options (sale and overage) to progress the site and fund planning.	Red
Charborough Road	SG	Planning consent Q1 2025 allowing FBC to be delivered & SoS Q4 2025	Planning decision has been delayed further and we are now elevating our concerns within SGC.	Red
Dolphin Square	NS	Commitment to expenditure of funding enabling works in 2025/26	Awaiting Stage 2 instruction which is now expected in April 25. Plan for end users in place.	Red
Bath Quays South	B&NES	Planning application to be submitted March 26 for SoS Q2 2027	High level viability submitted Nov 24. As Stall St looking at alternative routes to progress scheme and fund the planning activity.	NEW

Aequus Group Risk Register - March 2025



No	Risk Description	Risk Owner	Risk Score Likelihood x Impact	Direction of Travel	Strategy to Manage Risk	Current Status of Actions RAG	Commentary on Current Status of Action Plans
1	There is a risk that rising prices of construction materials and contractor pricing will lead to cost overspends on existing projects.	Operations Director / Board	9		Treat	On Target	All contracts are tendered and where possible they are secured on a fixed price basis. Where this is not possible, prudent provisions will be included within business cases for appropriate inflationary pressures. Construction cost inflationary pressures have stabilised although recent upturns in UK inflation and changes arising in the Budget from April 2025 may feed through to contractor pricing.
2	There is a risk that the rental properties are not appealing to the market and remain vacant for long periods giving rise to a high level of voids.	Managing Director	6		Treat	On Target	Expert advice from local agents and relevant professionals is sought to factor in market demand and requirements. Current void levels continue to remain very low (just 2.7% currently) with strong demand reported from our Rental Agent. Rental values are being regularly reviewed in light of inflation although these will be considered against the market rate.
3	There is a risk that interest rates could rise having a knock on impact on loan rates from the Council(s) impacting on viability and development returns and , on the asset backed loans supporting the ADL portfolio.	Managing Director	8		Tolerate	Monitor	Interest rates have reached their peak although market rates are not falling as quickly as expected due to wider economic concerns. Loan agreements are in place with the Council for each development and the market view on interest rates is regularly reviewed. Sensitivity is considered within all business cases. Fixed rates will be incorporated for future development Business Cases where possible. The ADL portfolio is regularly modelled although there is currently a lag in rate reductions feeding through.
4	There is a risk that the Aequus does not have the capacity or skills to deliver the current or future projects in accordance with the approved Business Plan.	Managing Director / Remuneration Committee	6		Treat	On Target	The new Business Plan provides scope to resource accordingly for a growing company with key roles included in the structure as new projects are secured and we are undertaking Resource Management Planning which overlays our pipeline forecast. The improved PDR monthly reporting will also help ensure we have identified training and development needs for existing staff.
5	There is risk that there could be a change in the national and/or local housing market that negatively impacts on housing sales.	Operations Director / Board	6		Tolerate	On Target	With no market sales likely until 2026/27 the impact is currently limited. Business cases do include a prudent view on pricing based on information on local market conditions and outlook from agents / advisors. Quality, space standards and low energy performance will also provide a differentiator for ACL properties.
6	There is a risk of negative publicity arising from the rental or development activities of the company.	Aequus Board	6		Treat	On Target	There has been positive comms and publicity supporting the Company and its proven track record of delivery including BQN, Arqyle Works, Danes Lane and Cotterill Court. Winner at Bath Property Awards and positive feedback from presentation of Riverside View to Core Cities. Constructive lessons learned exercise with SGC undertaken on Manor Gardens including local parking issues.
7	There is a risk that issues emerge on a site by site basis, which could include planning, contamination, archaeology, services etc. which would impact on the viability of future development pipeline.	Operations Director	8		Treat	On Target	Significant upfront design and planning work for each development takes place prior to the approval of the business case in line with the agreed three-stage process. The diverse pipeline ensures dependence on individual sites and timescales is not as critical to the sustainability of the business. Monthly directors review meetings includes oversight of site specific risks.
8	There is a risk that changes in future Government Policy in respect of Housing, Property Rentals Assets or Local Authority Companies could impact on the delivery and viability of the company.	Shareholder /Board	8		Treat	Monitor	Regular monitoring / horizon scanning is undertaken of government announcements, policy proposals and caselaw. The legal structure of the company limits the currently foreseeable risk. We are monitoring changes arising from recent senior government policy proposals including the Rental Reform Bill and the new NPPF including housing targets. The later seeks the delivery of more housing.
9	There is a risk that a significant Health and Safety issue arises on a site.	Operations Director	8		Treat	On Target	Health and safety is closely monitored and reviewed regularly on each site, including independent health and safety inspections. All project managers and the Operations Director have undertaken relevant Health and Safety training which is kept up to date. Where appropriate all contractors are required to comply with and report on health and safety matters. Appropriate insurances are also maintained for employers and public liability. The recent Internal Audit Review provided further assurance.

10	There is a risk that delays with progressing the approval of pipeline sites for delivery could impact on the ability of the Company to meet the Shareholder objectives and potential impact on the sustainability of the Company.	Shareholder /Board	15		Treat	Action Required	The Business Plan confirms the pipeline of site from B&NES which together with the pipeline sites from South Glos and North Somerset provides a diversified future pipeline to sustain the company. However the majority of this is not yet secured with a range of planning, viability/funding and governance decisions required to convert this pipeline to projects in delivery. Work will focus as a priority on securing key sites. The new reporting dashboards provide for monthly monitoring of the progression of the pipeline and relevant Board reporting. We are also seeking to diversify the pipeline with other public sector partners and site acquisitions.
11	There is a risk that a change in the B&NES Administration / Shareholder may impact on the Company's objectives.	Shareholder /Board	6		Tolerate	On Target	The Business Plan sets out the company objectives over the short, medium and long term and will be monitored by the Shareholder. The Shareholder and administration is committed to a new council housing programme. B&NES also have lead councillor in place for Aequus matters with monthly meeting with the Chair and MD.
12	There is a risk that our relationships with our local authority and public sector partners do not progress a planned	Managing Director	8		Treat	Monitor	Regular governance and reporting meetings are in place with existing LA partners together with shadow Board representation. New partnership discussions progressing particularly with NHS Property. Aequus will need to be able to flex it's objectives to respond to changing priorities of partners and this is covered in the updated Business Plan.
13	There is a risk that delivery of homes to increased low energy standards becomes unaffordable and impacts future site viability.	Operations Director	6		Tolerate	On Target	The Business Plan commits Aequus to deliver EPC A rated new homes and this will be factored in to all project business cases. We will look at future requirements above this level but this will require a balance between land value and site outputs.
14	There is a risk that Landlord Compliance issues arise which impact on costs, voids and reputation for ADL	Managing Director	8		Treat	On Target	A Landlord compliance dashboard is now in place and reported regularly to the full Board and copied to A&R Committee. We are monitoring impact of Rental Reform Bill and believe as a good landlord we are already meeting the requirements.
15	There is a risk that Government changes to the Capital Finance Regulations for the councils Minimum Revenue Provision (MRP) on company loans will limit the availability of council loan funding.	Managing Director	8		Treat	Monitor	All Councils providing capital loans after the 8th May 2024 to will be required to make appropriate Minium Revenue Provision (MRP) to reflect the risk of borrowing and the potential expected credit lost (ECL). We will work with our Council Partners to understand their MRP requirements and whether this could impact their ability to provide loans in the future. At present no specific issues have been raised by our partner councils impacting loan arrangements.
16	There is a risk that key contractors or service providers will fail financially impacting site delivery and company operations.	Board/ Managing Director	10		Treat	New / Further Action Required	Financial vetting of contractors is undertaken as part of the procurement process. Given the increasing risk, we will be exploring the use of bonds and guarantees for new contracts, together with regular financial monitoring of our key contractors. We will produce a monthly monitoring report and we will also produce disaster recovery plans for relevant key projects and services in the event of contractor failure. Timescale TBC - will be during 2025.
17	There is a risk that Aequus customers are dissatisfied with our New Homes or Rental Properties impacting on the brand.	Board/ Operations Director	8		Treat	New / Further Action Required	As the business delivers in line with the new Business Plan, the experience and satisfaction of our customers of new sale and rental properties will be key to maintaining the high standards we seek to deliver. We have signed up to the NHQB code for new sales and aspire to be a good landlord for our rental tenants. We will need to develop a range of customer KPI's and gain regular feedback from customers in terms of satisfaction and quality. This will include regular Board reporting as part of our relevant operational updates. Timescale TBC - during 2025/26

Aequus Profit and Loss

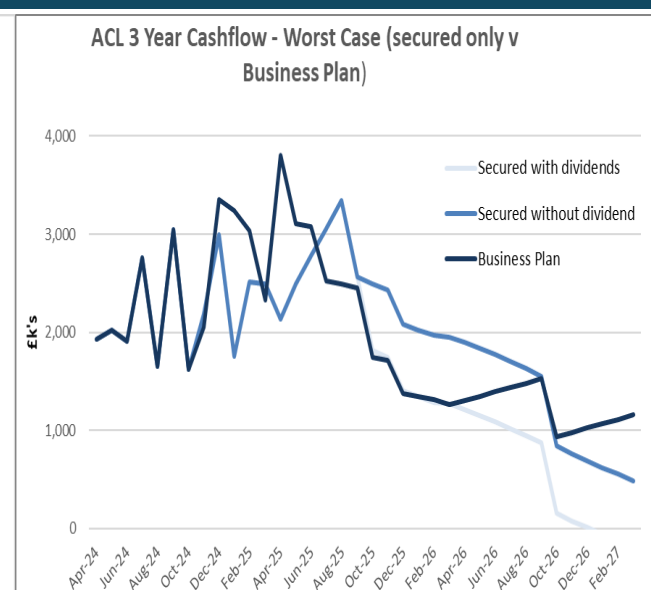
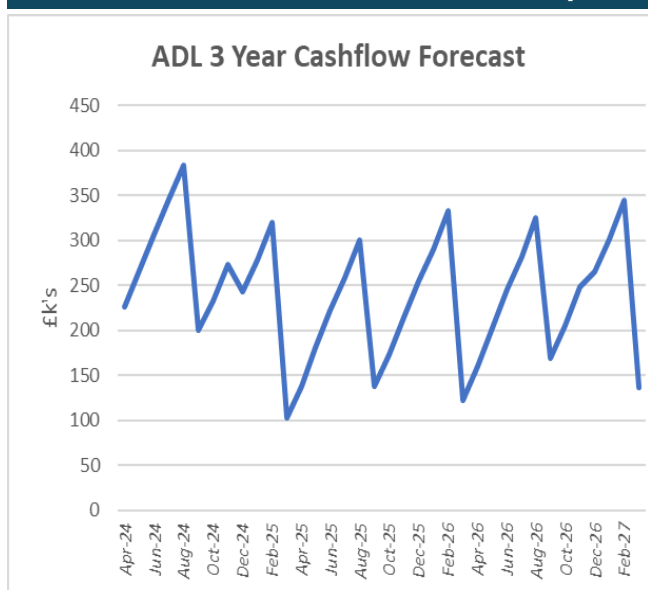
ADI	Forecast	Budget	Variance
Revenue			
Rental Income	657	738	-81
Rechareable Income	994	1,076	-82
Revenue Total	1,651	1,814	- 163
Cost of Sales			
Property Costs	171	233	62
Property Interest	319	423	104
Gross Margin	1,161	1,158	3
ADL Overhead	1,125	1,150	25
Net Margin	36	8	28

ACL	Forecast	Budget	Variance
Revenue			
Affordable Services	2,699	2,869	-170
Mixed tenure	8,662	13,824	- 5,162
Revenue Total	11,361	16,693	- 5,332
Gross Margin			
Affordable Services	164	175	-11
Mixed tenure	1,597	1,703	-106
Gross Margin Total	1,761	1,878	- 117
ACL Overhead	643	608	35
Net Margin	1,118	1,270	- 152

ADL profit outturn forecast for 24/25 of £36k, with turnover expected to reach £1.65m. Interest costs are ADL's key cost driver. During the year ADL's property asset value increased by £1.5m to £11.7m as at the end of February.

ACL profit outturn forecast for 24/25 of £1.1m. Although mixed tenure revenue is adverse to budget of £5.1m (£3m Midland Road and £2.1m Manor Gardens) the improved gross margin (up 6.1%) has mitigated the impact at the net margin line with a variance of £152k.

Aequus Cash Flows



Returns to B&NES

Revenue Total	Forecast	Budget	Variance
Interest from ADL	319	423	-104
Dividend	681	577	104
Total	1,000	1,000	-

Aequus Key Risks

ADL Risk
The greatest risk within ADL is an increase in the cost of borrowing and we are looking to mitigate this by agreeing a fixed rate.

ACL Risk
Conversion of pipeline projects into delivery is the highest risk with ACL. Project management and monitoring enables us to more accurately forecast and control projects through the development stages. Timely instructions from our partners is essential to meet the forecast.

Bath & North East Somerset Council	
MEETING:	Corporate Policy Development & Scrutiny Panel
MEETING:	25th March 2025
TITLE:	Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2024 to December 2024
WARD:	All
AN OPEN PUBLIC ITEM	
<p>List of attachments to this report:</p> <p>Appendix 1 - Revenue & Capital Budget Monitoring, Cash Limits and Virements – April 2024 to December 2024 Cabinet Report</p> <p>Annex 1: Revenue Dashboard</p> <p>Annex 2: Capital Dashboard</p> <p>Annex 3: Revenue Savings Monitor</p>	

1 THE ISSUE

- 1.1 The report was considered by the Cabinet at their 13th February 2025 meeting. It presents the April 2024 to December 2024 revenue and capital budget monitoring for 2024/25.

2 RECOMMENDATION

The Panel is asked to;

- 2.1 Note and discuss the Revenue & Capital Budget Monitoring Report.

3 THE REPORT

- 3.1 The Revenue & Capital Budget Monitoring report and supporting main detailed appendices are included as the appendices to this report and for Panel consideration.

- 3.2 The summarised Council budget monitoring position is as follows, full details are included in the main report (Appendix 1):

The net revenue forecast position for 2024/25 is £0.97m over budget. Management action plans and the release of contingencies detailed during Quarter 2 monitoring have been delivered, resulting in a £4.57m favourable movement from the £5.54m over budget position forecast at Quarter 2.

Main pressures at portfolio level remain in:

- Children Services £5.55m - Children Social Care demand (£3.9m) & Home to School Transport pressures (£1.4m).
- Economic and Cultural Sustainable Development £1.65m - Corporate Estate running costs for surplus assets and loss of income from un-let buildings (£0.6m), and similarly the Regeneration service has rental income below target and unmet savings targets (£0.9m).
- Neighbourhood Services £0.72m - Cost pressures across Waste Services (£0.3m) and lower than budgeted income impacting Licensing, Pest Control and Bereavement Services (£0.3m).

Main favourable areas at portfolio level:

- Resources – Corporate Budgets - £4.84m - mainly due to additional investment income from higher interest rates, reduced Minimum Revenue Provision (MRP – capital borrowing principal repayment) and lower Corporately Supported Borrowing costs associated with provisional capital schemes that have not progressed to fully approved in year (£2.15m). In addition the release of £2m of budgeted inflation and risk contingency has been required to manage the in-year over budget position.
- Highways £0.84m - Parking income has exceeded budget by £0.7m.

As reported in the Q2 monitoring report, due to the forecast over budget position management action plans totalling £4.12m were developed. A summary of the plans and a comparison against forecast portfolio variance movement is detailed in paragraph 3.7 of the main report.

The 2024/25 revenue budget approved savings of £16.42m with £12.66m forecast as achieved at the end of December, representing 77% delivery. Of the £3.76m not currently achieved, £2.77m are being mitigated through savings, contingency or income elsewhere in the respective service, while £0.99m of savings are delayed, resulting in unavoidable in year pressures.

Capital spend is forecast to be £43.3m (40%) below the current approved budget of £108.5m, mainly reflecting reprofiled spend into future years.

4 STATUTORY CONSIDERATIONS

- 4.1 The annual medium-term financial planning process allocates resources across services with alignment of these resources towards the Council's corporate priorities. This report monitors how the Council is performing against the financial targets set in February 2024 through the Budget setting process.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 These are contained throughout the attached report and appendices.

6 RISK MANAGEMENT

- 6.1 The substance of this report is part of the Council's risk management process. The key risks in the Council's budget are assessed annually by each Director, with these risks re-assessed regularly as part of the budget monitoring process.

7 CLIMATE CHANGE

7.1 The Medium Term Financial Strategy and budget process aligns resources towards the corporate priorities and objectives set out in the Corporate Strategy, which includes tackling the climate emergency. This report monitors the Council's financial performance against those budgets, and therefore does not include any decisions that have a direct impact on Climate Change.

8 OTHER OPTIONS CONSIDERED

8.1 None

9 CONSULTATION

9.1 Consultation on the Cabinet Report was carried out with the Cabinet Member for Resources, Directors, Executive Director-Resources (S151 Officer), Chief Executive and Monitoring Officer.

Contact person	<p><i>Gary Adams – Head of Financial Management</i> Gary_Adams@bathnes.gov.uk</p> <p>Chris Kinsella, Executive Director of Resources (S151 Officer) Christopher_Kinsella@bathnes.gov.uk</p>
Background papers	<p>2024/25 Revenue and Capital Budget Setting reports</p> <p>Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2024 to June 2024 Report – September Cabinet Meeting</p> <p>Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2024 to September 2024 Report – December Cabinet Meeting</p>
<p>Please contact the report author if you need to access this report in an alternative format</p>	

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Bath & North East Somerset Council

MEETING:	Cabinet	
MEETING DATE:	13th February 2025	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3578
TITLE:	Revenue and Capital Budget Monitoring, Cash Limits and Virements – April 2024 to December 2024	
WARD:	All	

AN OPEN PUBLIC ITEM

List of attachments to this report:

Appendix 1 – Revenue Monitoring Commentary

Appendix 2 – Key Scheme Capital Monitoring Commentary

Appendix 3 (i) & 3 (ii) – Proposed Revenue Virements & Revised Revenue Cash Limits

Appendix 4 (i) & 4 (ii) – Capital Virements & Capital Programme by Portfolio

Appendix 5 – Revenue Savings Monitor

EXECUTIVE SUMMARY

a) Revenue budget

The Revenue budget outturn is currently forecast to be £0.97m over budget. Management action plans and the release of contingencies detailed during Quarter 2 monitoring have been delivered, resulting in a £4.57m favourable movement in forecast variance.

Demand-led placement and package costs continue to cause a significant pressure in Children's Services, along with pressures from Home to School Transport. The portfolio is currently forecasting a £5.51m overspend.

Pressures in the Corporate Estate service linked to the holding costs of vacant buildings and the costs of maintaining the estate (£0.6m), a shortfall in rental income in Regeneration (£0.9m), alongside staffing pressures with Waste and Fleet Services (£0.3m), are further adding to the adverse forecast financial position.

High levels of visitor numbers to Bath city centre have resulted in stronger than expected Parking services income (£0.7m), while higher than forecast interest rates on investments, reduced corporate supported borrowing charges, and a less than budgeted minimum revenue provision (borrowing debt charge) have resulted in favourable forecast capital financing and interest variances (£2.9m), which partially mitigate the aforementioned pressures. £2m of budgeted inflation and risk contingency has been required to manage the in-year over budget position.

In addition, there is an in-year SEND placement pressure of £11.93m on the Dedicated Schools Grant (DSG). A revised Safety Valve Agreement has been submitted to the DFE recently due to the Local Authority (LA) not being able to achieve the original targets set out in the plan. Current pressure is in line with the revised plan.

Savings of £16.4m were included in the 2024/25 budget. At present £12.7m savings are forecast as delivered, with the remainder either being mitigated through alternative measures, included as unachievable in the service forecasts, or addressed through the Council's 2025/26 budget setting process.

To address the forecast over budget position, Directors continue to focus on discretionary spend freezes and staff vacancy management to manage the in-year financial position and bring the Council back into a balanced position.

b) Capital Budget

The current position of the 2024/25 Capital Programme is a forecast of £65.2m against a budget of £108.5m. The variance of £43.3m largely reflects anticipated rephasing of schemes into future years.

c) Council Tax and Business Rates

The current forecast on Council Tax is for an in-year collection fund surplus of £0.10m mainly due to LCTSS costs being below budget. The Council's share of the surplus is £0.08m and this represents a positive variance of 0.1% against the 2024/25 budgeted income.

The current in year forecast for the Business Rate element of the collection fund is for a surplus of £0.98m, of which the council's share is £0.92m and this represents a positive variance of 1.5% against the 2024/25 budgeted income.

d) Council Reserves

The Council holds general unearmarked reserves of £12.6m, this is held corporately to manage in year financial pressures that cannot be mitigated within existing budget levels.

1 THE ISSUE

- 1.1 This report presents the financial monitoring information for the Authority as a whole for the financial year 2024/25, using information available as at the end of December 2024.

2 RECOMMENDATION

The Cabinet is asked:

- 2.1 To note the 2024/25 revenue budget position (as at the end of December 2024).
- 2.2 To note the revenue virements listed for information only in Appendix 3(i).
- 2.3 To note the capital year-end forecast detailed in paragraph 3.33 of this report.
- 2.4 To note the changes in the capital programme including capital schemes that have been agreed for full approval under delegation listed in Appendix 4(i).

3 THE REPORT

- 3.1 The Budget Management Scheme requires that the Cabinet consider the revenue and capital monitoring position four times per year.

REVENUE BUDGET

- 3.2 Service Directors have been asked to outline the actual expected outturn for the year and the reasons to date for over / under budget forecasts. For revenue budgets which are forecast to be over budget, the Directors are expected to seek compensating savings to try and bring budgets back to balance.
- 3.3 A summary by Portfolio of the revenue position as at the end of the second quarter is shown in the table below:

Portfolio	Revised Budget £'m	Year End Forecast £'m	Variance Over / (Under) £'m
Leader of Council	(0.27)	(0.42)	(0.15)
Climate Emergency and Sustainable Travel	1.36	1.33	(0.03)
Council Priorities and Delivery	3.92	3.73	(0.19)
Resources - Services	5.25	5.20	(0.05)
Resources - Corporate	6.94	2.10	(4.84)
Economic and Cultural Sustainable Development	(6.28)	(4.62)	1.65
Adult Services	61.29	61.33	0.04
Children's Services	36.35	41.90	5.55
Highways	(1.59)	(2.42)	(0.84)
Neighbourhood Services	26.73	27.45	0.72
Built Environment and Sustainable Development	2.85	2.76	(0.09)
Total	136.56	138.33	1.77
Partial release of dilapidations provision			(0.80)
Quarter 3 Forecast Outturn Variance			0.97

Note1: Some of the figures in this table are affected by rounding.

- 3.4 The current **year-end** forecast is a £0.97m over budget position.
- 3.5 Following the £5.54m over budget forecast in Quarter 2 monitoring, urgent management action plans were detailed to manage the adverse financial

position. The £4.57m favourable movement between quarterly reporting includes the achievement of these management actions, of which are detailed in paragraph 3.7.

Portfolio Commentary

- 3.6 Key variances and associated actions by Portfolio are as follows, a more detailed breakdown can be found in Appendix 1:

Leader of the Council (£0.15m under budget, £0.11m favourable movement from previous quarter)

A small contract underspend within the Emergency Planning service and additional income from the Housing Delivery Vehicle are the main reasons for the small favourable forecast variance.

Climate Emergency and Sustainable Travel (£0.03m under budget, £0.03m adverse movement from previous quarter)

Recovery of staff costs from projects in the Environmental Monitoring team and staffing underspends in Green Transformation are causing a small favourable financial position for the portfolio.

Council Priorities and Delivery (£0.19m under budget, £0.14m favourable movement from previous quarter)

Staffing underspends in Human Resources, Business Change and Corporate Office are the generating a favourable forecast variance.

Resources – Services (£0.05m under budget, £0.37m favourable movement from previous quarter)

Staff vacancies in Procurement (£0.11m) have been partially offset by rental income shortfall in the Commercial Estate (£0.07m). It should be noted that the forecast rental income position has improved by £0.2m since Quarter 2 as a result of bringing more vacant properties to market.

Resources – Corporate (£4.84m under budget, £2.89m favourable movement from previous quarter)

Higher than budgeted interest rates have led to a £0.25m favourable forecast on investment income from cash balances, while the final Minimum Revenue Provision (the required charge for the repayment of debt) has come in less than budget by £0.8m. Corporately Supported Borrowing costs associated with both provisional capital schemes that have not progressed to fully approved in year, and the approved capital programme are estimated to come in £1.1m under budget. The release of £2m of budgeted inflation and risk contingency has been required to manage the in-year over budget position.

Economic And Cultural Sustainable Development (£1.66m over budget, £0.15 adverse movement from previous quarter)

The Corporate Estate is forecasting an adverse budget position of £0.6m resulting from high running costs of surplus properties and loss of income from un-let buildings, which in turn means an ongoing savings target to reduce maintenance costs across the estate is not being met. Similarly rental income

under the budgeted value and unmet savings targets in Regeneration have resulted in a £0.9m adverse forecast for the service area.

Adult Services incl. Leisure (£0.04m over budget, £0.01 adverse movement from previous quarter)

The forecast position for Adult Social Care at Quarter 3, continues to be a balanced position. Budget from the Social Care Grant, Market Sustainability & Improvement Fund (MSIF) and improved Better Care Fund (iBCF) is now reflected in the position. The remaining underlying variance of £1m, will be covered by a further in year transfer from the iBCF (£0.06m) and Adult Social Care Reserve (£0.4m). This is to cover adverse variances in the Learning Disability and Autism (LDA) Pooled Service (£1.8m) and Older People & Physical Disabilities (£1m), which are partially offset by underspends within the Community Resource Centres (£1.1m), Mental Health (£0.4m) and other Social Care budgets (£0.3m). These adverse variances reflect the impact of both the increase in the number of packages now being seen (activity and cost) in year.

The joint review of the funding sources within the LDA pooled arrangements is now being reviewed for a conclusion. The outcome from this work will be seen in the future agreed budget arrangements for the LDA service.

The increased level of cost demand continues, and commissioners are working with providers on this to determine future requirements for 2025-26.

An established interim pathway is in place and is an agreed arrangement continuing from previous years. The numbers currently in this arrangement have been managed down from the previously seen high levels and this lower activity trend still continues. This pathway continues to support the reduced activity need for long term care.

Leisure Services are currently forecasting an overspend of £0.04m, this is due to the level of fee income being received being below the expected value.

Children's Services (£5.51m over budget, £0.03m adverse movement from previous quarter)

The main causes of this over budget position are the continuing pressures from 2023/24 across the demand-led placement and package budgets (£2.6m continued pressure from 2023/24 into 2024/25), the additional pressures in-year from the demand-led budgets (£1.3m) and the continuing pressure from home to school transport (£1.4m).

Demand-led placement pressures are due to a mix of increased demand, especially around Residential, Unaccompanied Asylum Seeker Children (UASC) and increased packages of care and support costs needed, due to the increased needs our Children and Young People continue to present with. There are also continued increased costs because of the complex packages of care needed for those with the highest need in the Disabled Children's Team (DCT). In total these areas are £3.52m over budget. The biggest area of pressure is Residential (£2.86m over budget), this has been driven by an increase in numbers of placements because of the need to safeguard young people suffering criminal exploitation, in addition to an increased trend of young people suffering from emotional dysregulation and mental health, in conjunction with upward cost pressures on placements from providers. The other principal areas of pressure are DCT (£1.08m over budget), spend on packages of care to support those not

in care to remain so (£0.34m over budget) and UASC support (£0.11m over budget). The complex needs funding stream underspend (Joint Agency Panel - JAP) offsets some of the DCT overspend, as young people who are no longer funded from JAP are funded now from DCT instead (JAP £0.43m under budget). There is also an under-budget position for In House Foster Care (£0.71m under budget). The reduction of spend on In House Foster Care is partially due to the success of some Foster Carers becoming long term carers via Special Guardianship Orders.

These pressures are net of £0.94m in-year mitigations identified and in train, plus assume the full delivery of the £1.26m budgeted savings across the Children's Portfolio.

To address the over budget position in the demand-led budget areas cost reduction strategies have been assessed and form part of a transformation program which aims to reduce significantly the cost pressures by the end of 2026/27.

In Education there is an over budget position of £0.19m, which is mainly because of Teachers Pension costs rising, which is an ongoing pressure from 2023/24.

Home to School Transport (HTST) has a pressure of £1.41m. This is due to ongoing pressure from market forces creating cost pressures when procuring HTST, including reduced availability of drivers, cost inflation and reduced tendering activity for many routes. Demand was not as high as the previous quarterly forecast, resulting in a reduction of £0.56m in expected overspend this quarter. This continues to be a key area of focus for managing the associated expenditure of the service. The end-to-end process for HTST is being reviewed to ensure the most efficient and effective delivery of our statutory responsibility in a challenging marketplace.

Schools DSG (£11.927m over budget, carried forward overspend of £22.263m from 2023/24)

Although the Quarter 3 forecast for Dedicated School Grant (DSG) shows a balanced position, there is an underlying over budget position for 2024/25 of £11.927m forecast (this is the gross in-year deficit position before any additional contributions from the Department for Education (DFE)). Additionally, the deficit carried into this year on the balance sheet was £22.263m. The overspend of the DSG in-year last year was £8.810m. This historical deficit and in-year overspend are being addressed via the Safety Value Agreement in conjunction with the DFE, which was originally agreed in March 2023. A revised Safety Valve Agreement has been submitted to the DFE recently due to the Local Authority (LA) not being able to achieve the original targets set out in the plan. The over budget position recorded at Quarter 3 is in line with the resubmitted plan. When this revised plan is agreed it will reinstate the Safety Valve payments amounting to £1.65m per annum.

In line with Government guidance any overspend of the DSG is carried forward for recovery against future DSG funding. Therefore, the LA cannot fund the £22.263m pressure from its own General Fund revenue budget (unless permission is given by the Secretary of State to disregard the requirement to fund from the DSG). The £22.263m overspend carried forward into 2024/25 is held in a specific unusable reserve for recovery against future DSG funding. This treatment is in line with recently announced Government guidance stating that DSG in-year and cumulative deficits should no longer be held as a negative earmarked reserve and

should instead be held in an unusable reserve called the Dedicated Schools Grant Adjustment Account. This accounting treatment has the effect of separating DSG budget deficits from the LA's General Fund and, following the announced extension, covers the period to 31st March 2026.

Highways (£0.84m under budget, £0.19m favourable movement from previous quarter)

Parking income is expected to continue to remain above budgeted levels for the financial year, generating a £0.7m favourable variance. Energy costs for providing street lighting have reduced this year, adding a further £0.1m to the forecast underspend for the portfolio.

Neighbourhood Services (£0.72m over budget, £0.22m favourable movement from previous quarter)

Cost pressures across Waste Services (£0.3m) and Customer Services (£0.1m), and income pressures in Bereavement Services (£0.2m) and Public Protection (Licensing and Pest Control) (£0.1m), are contributing to the adverse forecast outturn position for the portfolio.

Built Environment and Sustainable Development (£0.10m under budget, £0.07m favourable movement from previous quarter)

Market conditions are having an adverse impact on the forecast Building Control income, which is offset by staffing and consultancy underspends in Housing.

Management Action Plans

3.7 As a result of the forecast outturn over budget position previously reported, Directors were tasked with identifying immediate actions to bring the budget back to a balanced position. A summary of these management action plans and a comparison against the portfolio forecast variance movement is as follows:

Portfolio	Q2 Forecast £'m	Q3 Portfolio Variance Change £'m	Management Action Plans Description**
Resources - service budgets	(0.17)	(0.29)	Speed up new Commercial Estate properties to market, maximise use of Household Support Fund grant income (achieved, with additional Commercial Estate income forecast over and above planned mitigations)
Resources - corporate budgets	(2.43)	(2.89)	One-off release of Risk Contingency, Inflation Contingency, and one-off increase in Tier 3 Business Rates pooling income (achieved, along with decrease in forecast corporate supported borrowing costs)
Economic and Cultural Sustainable Development	(0.90)	(0.65)*	One-off release of repairs provision, and further reductions in repairs and maintenance spend (release of repairs provision achieved, adverse movement in services within portfolio outweighed reduced repairs and maintenance costs)
Children's Services	(0.47)	0.03	Reduce agency spend and optimise grant usage (mitigations achieved, but demand worsened)
Neighbourhood Services	(0.15)	(0.22)	Temporarily stop discretionary activity to year end (achieved)
Total	(4.12)	(4.02)	**Portfolio variance movement includes factors outside of the management action plans themselves, distorting the direct comparison.

*Includes the partial release of dilapidations provision

REVENUE BALANCES, CONTINGENCY AND RESERVES

3.8 The Employer's national pay offer for 2024/25 has now been agreed and was within the 5% inflation included in the budget. Service budgets have been adjusted for Quarter 3 reporting to reflect the new pay levels.

3.9 The current forecast revenue position includes planned and approved use of earmarked reserves as set out in the table below.

Key Reserves

3.10 The following table shows the balances of key reserves at the beginning of the year, planned use, and expected balance at the year-end based on current forecast:

	Balance as at 01/04/2024 £'m	Projected Use / Commitments £'m	Estimated Balance 31/03/2025 £'m
Revenue Budget Contingency	3.35	(0.73)	2.62
Financial Planning and Smoothing Reserve	6.34	(1.25)	5.09
Transformation Investment Reserve	1.40	(1.03)	0.37
Covid Contingency Reserve (Govt grant)	1.00	(1.00)	0.00
Restructuring & Severance Reserve	4.88	(0.55)	4.33

Reserves and Flexible Capital Receipts

3.11 Flexible Capital Receipts are being utilised for revenue spend which results in ongoing revenue savings. A five-year estimated use of £11.5m was agreed as part of budget setting in February 2024, this has now been updated to reflect the re-profiled requirement and re-phasing into 2025/26 as follows:

	Actual Usage 2017/18 to 2023/24 £'m	Forecast Usage 2024/25 £'m	Forecast Usage 2025/26 £'m	Est Total Usage £'m
Flexible Capital Receipts	9.73	1.15	0.62	11.50

3.12 Unapplied capital receipts of £2.67m were carried forward from 2023/24, £2.2m receipts in 2024/25 have been received so far against a revised target of £2.3m.

General Fund Un-Earmarked Reserve

3.13 The General Fund Un-Earmarked Reserve is retained to meet the Council's key financial risks. The risk assessment set a range of between £12.3m and £13.6m to meet those risks in the 2024/25 financial year. The reserve has a current uncommitted balance of £12.6m in line with the level reported in the 2024/25 Budget Report.

SAVINGS PERFORMANCE

3.14 The 2024/25 revenue budget approved savings of £16.42m, all of which are recurrent base budget savings. Delivery of these savings will be monitored throughout the year, with £12.66m forecast as achieved at the end of September, representing 77% delivery. Of the £3.76m not currently achieved, £2.77m are being mitigated through savings, contingency or income elsewhere in the respective service, while £0.99m of savings are delayed, resulting in unavoidable in-year pressures. Note that £2m of the mitigated savings shortfall relates to the Being Our Best Programme, of which budgeted savings contingency has been earmarked to cover the reprofiling of this saving in line with revised delivery timetable. Further details on the savings performance are provided in Appendix 5.

3.15 The Council's financial position, along with its financial management arrangements and controls, are fundamental in continuing to plan and provide services in a managed way, particularly in light of the medium-term financial challenge. Close monitoring of the financial situation provides information on new risks and pressures in service areas, and appropriate management actions are then identified and agreed to manage and mitigate those risks.

Revenue Budget Virements

3.16 Any revenue budget virements which require Cabinet approval are listed in Appendix 3(i). Technical budget adjustments are also shown in Appendix 3(i) for information purposes, as required by the Budget Management Scheme.

COUNCIL TAX, COUNCIL TAX SUPPORT AND BUSINESS RATES

3.17 The 2024/25 tax base allowed for the same number of Local Council Tax Support Scheme (LCTSS) recipients as at the end of November 2023 to continue into 2024/25 and incorporated the scheme changes to the rules of entitlement for households who receive Universal Credit as agreed at the November 2023 Council meeting. The budget estimate of costs of LCTSS were set at £10.86m. The cost at Quarter 3 is £0.39m under budget at £10.47m with 6,398 working age claimants and 3,318 Pensioner claimants.

3.18 The actual outturn position on LCTSS and the impact on the Council Tax collection fund will depend on a number of variables, including the change in

number of claimants and the period claimants remain eligible for support whilst seeking employment and this will continue to be monitored closely during the remainder of the year.

- 3.19 The non LCTSS elements of the Collection Fund are trending adversely to budget with a small deficit of £0.29m currently forecast based on the position to end of December. Taking this and the LCTSS position together, the current forecast is for an in year £0.10m surplus on the Collection Fund in respect of Council Tax, of which the Council's share is £0.083m. This represents a positive variance of 0.1% against the 2024/25 budgeted income.
- 3.20 Combining the in-year projection with the Council's share of the increased 2023/24 Council Tax Collection Fund final outturn position of £0.37m, as reported to Cabinet in July, gives an overall forecast surplus position of £0.45m.

Business Rates

- 3.21 The government announced, as part of the Chancellor's Autumn Statement in November 2023, that the retail, hospitality, and leisure business rate relief scheme would be extended for a fifth year in 2024/25 retaining its existing scope which provides for 75% business rates relief, capped at £110,000 per business for eligible properties.
- 3.22 The Council will be recompensed for the reduction in business rate income arising from this relief via a s31 compensation grant. As at the end of December, retail relief of £7.8m had been granted, which is £0.8m above the £7m originally estimated for 2024/25.
- 3.23 Empty property relief was £4.6m at the end of December which is £0.2m below the allowance included when setting the business rate income forecast for 2024/25 creating a favourable impact on the Collection Fund.
- 3.24 There are also favourable forecasts in relation to the provision for appeals which is currently forecast to be £0.7m lower than budget, mainly due to appeals against the 2017 rating list being settled with a lower impact than previously estimated and the City Deal Disregard which is £0.9m lower than budget.
- 3.25 The current in year forecast for the Business Rate element of the collection fund is for a surplus of £0.98m, of which the council's share is £0.92m. This represents a favourable variance of 1.5% against the 2024/25 budgeted income.
- 3.26 The forecast impact on the business rates collection fund position including reliefs and appeals will continue to be reviewed during the remainder of the year.
- 3.27 The overall forecast position on the Collection Fund for Business rates, including the surplus carried forward from the 2023/24 outturn position reported to Cabinet in July 2024 of £5.68m, is for a projected surplus of £6.66m, of which the Council's share is £6.26m. This has been factored into the 2025/26 Budget Report.
- 3.28 Section 31 grant income from Business rate compensation grants is currently forecast to be £0.77m above budget, this relates to increased relief granted in respect of Retail Relief and compensation for the Business Rate multiplier cap. There is also a favourable variance on the City Deal revenue income of £0.66m reflecting a lower payment to the pool partly offset by a reduction in Tier 1

income. This is currently planned to be transferred to the Business Rate Reserve.

- 3.29 The balance on the Business Rate Reserve as at 1st April 2024 was £10.1m which equates to around 14% of the annual rates income (excluding retail, hospitality and leisure relief).

City Region Deal (CRD) Business Rate Pool Tier Split Change

- 3.30 As set out in the Q2 monitoring report, an agreement was made by the Business Rate Pooling Board to adjust ratios between tier splits meaning Tier 3 allocations, the additional growth to each authority, would proportionately increase. The agreement was to backdate these to pool inception at 2014.

- 3.31 For B&NES, this results in £3.45m backdated income in respect of prior years and an additional £0.43m for 2024/25 based on forecast growth.

- 3.32 The one-off historic allocation from prior years will be held in the business rates reserve and used as a revenue funding source if in year budget recovery actions do not fully bring the Council's budget back into balance at year end. The £0.43m forecast increased income for 2024/25 is factored into the current year revenue position as part of the mitigation actions to reduce the overall in year overspend.

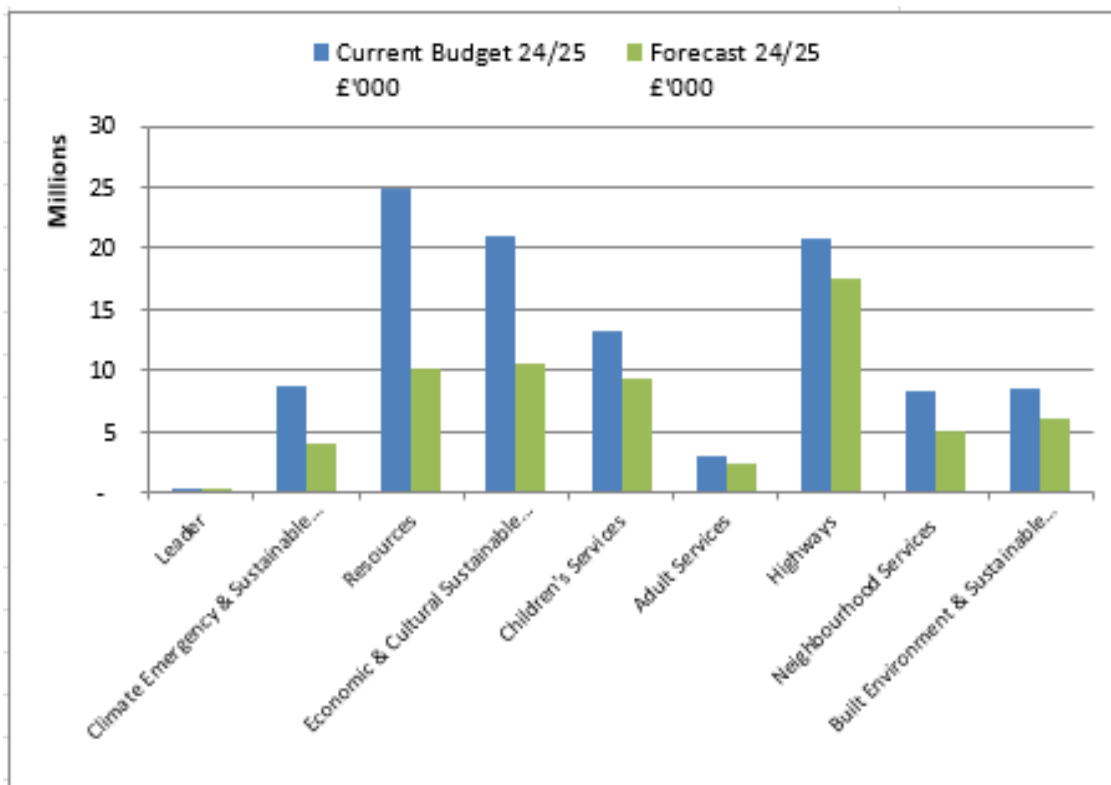
CAPITAL BUDGET

- 3.33 The current position of the 2024/25 Capital Programme is a forecast of £65.2m against a budget of £108.5m, giving a variance of £43.3m, with £42.2m forecast to be re-phased to future years. The largest variance is related to the revised profile of forecast future loan drawdowns by the Council's housing company with £8.9m moving to 2025/26 and future years. The following table shows a summary of the current position by Cabinet Portfolio. The full breakdown of the Capital Programme by Portfolio can be found in Appendix 4(ii) with key scheme commentary in Appendix 2. Appendix 4(i) sets out budget changes actioned since the last Cabinet Meeting and Appendix 4(ii) the updated programme.

Portfolio Summary Monitor	Annual Current Budget 2024/25	Forecast 2024/25	In-Year Variance 2024/25	Forecast Re-phasing to 2025/26
	£'000	£'000	£'000	£'000
Leader	224	224	-	-
Climate Emergency & Sustainable Travel	8,624	3,926	4,698	4,698
Resources	24,843	10,179	14,664	14,664
Economic & Cultural Sustainable Development	20,945	10,634	10,311	9,211
Children's Services	13,301	9,271	4,030	4,030
Adult Services	2,897	2,389	509	509
Highways	20,833	17,460	3,374	3,367
Neighbourhood Services	8,295	5,098	3,197	3,197
Built Environment & Sustainable Development	8,530	6,035	2,496	2,496
Total	108,493	65,215	43,277	42,170

Note: Some of the figures in this table are affected by rounding

The graph below illustrates the value and forecast against budget for all in year capital budgets by Cabinet Portfolio:



Capital Commentary

3.34 The key in-year variance on the programme are as follows:

- **Climate Emergency & Sustainable Travel** - £4.7m budget variance mainly arising from the Cycling and Walking scheme at Scholar's Way (£2.1m) with construction now rephased into 2025/26 and Bath Riverline project (£1.1m) due to number and complexity of interventions on phase 1, the western section from Newbridge to Bath Quays.
- **Resources**- £14.7m variance arising from lower Property Company Investment spend (£8.9m), based on the current forecast Aequus loan requirements for 2024/25, with some schemes expected to progress from 2025/26 onwards, resulting in later draw-down of loans from the Council. There is also rephasing of £3.2m of the Commercial Estate refurbishment programme and £0.9m for Orange Grove where surveys have refined the work required.
- **Economic & Cultural Sustainable Development**- £10.3m budget variance across the portfolio, arising from £3.2m re-phasing of Bath Western Riverside due to unexpected sewer works and prolonged negotiations with the Developer and Homes England, along with removal of capital receipt expectation of £1.1m. Corporate Estate Planned Maintenance has a rephasing requirement of £1.9m based on current forecasts. The portfolio variance also includes the rephasing of grant funded programmes for Bath City Centre (£0.9m), High Street Recovery (£1.1m), Milson Quarter Masterplan (£0.6m) and Midsomer Norton High Street Renewal (£0.9m).
- **Children's Services** – £4.0m in year under budget position forecast, with the Special Educational Needs & Disabilities (SEND) Provision at Bath College project forecasting a rephasing requirement of £2.4m as the grant agreement between the parties is still in progress. A review of cashflow progress has rephased £1.3m capital programme for Schools Capital Maintenance, with less call on the Emergency Works and Minor Works budget.
- **Highways** £3.4m budget variance due to the £1.4m re-alignment of the Liveable Neighbourhoods Programme following full WECA business case submission, with slower progress in the Local Active Travel Safety Programme (£0.4m) and revised programme delivery forecast in Highway Maintenance (£0.5m). Queen Square public realm works funded from CAZ – Clean Air Zone (£0.8m) are also rephased with final designs pending and works now planned in 2025/26.
- **Neighbourhood Services** £3.2m budget variance across the portfolio including £0.6m on Parks and Open Spaces Section 106 projects, Pixash Waste Depot (£1.9m) relocation, as we continue to explore options for a permanent base for SEND Passenger Transport Fleet.
- **Built Environment & Sustainable Development** - £2.5m budget variance, £1.4m budget rephasing requirement in the Social Housing Rent Programme, with the Danes Lane project delivery mainly to take place in 2025/26 and £0.9m LAHF grant funding for Ukrainian/Afghan homes carried forward as we finalise purchases in 2025/26.

RISKS

3.35 The key risks to the budget were outlined in the Councils 2024/25 Budget Report, in compliance with the Council's decision-making risk management guidance. These have been reviewed and are listed below, along with any additional emerging risks:

Risk	Likelihood	Impact	Risk Management Update
Operational budget pressures due to rising demand	Likely	High	There is the risk of unplanned and unbudgeted growth in demand on Council services, particularly in Adults & Children's Services.
Contract inflationary pressure	Likely	High	With increase in wage, energy and fuel costs, Council contracted services are at risk of above budget price increases. This is an economic risk that has been recognised in the budget with a corporate inflation contingency for known areas that cannot be mitigated through activity management. Capital Schemes may need to be paused due to unfunded viability gaps due to increased supply chain costs.
Volatility and uncertainty around business rates	Likely	High	The impacts of the current economic challenges will increase the volatility and uncertainty around business rate income. In 2024/25 this risk has been partly offset by the extension of the business rate relief scheme for Retail, Leisure and Hospitality businesses. We continue to monitor arrears, CVAs, and liquidations with a specific reserve held to manage in-year volatility.
Changes to Government Policy that affects future funding	Likely	High	Need to monitor and continue to highlight any potential impact to the in-year financial position.
Reinstated government restrictions in the event of a new pandemic.	Possible	High	This is certainly a material risk, whilst not one the Council has direct control over, every step would be put in place to follow government guidance following the recommendations of our Director of Public Health
Viability risk on the Council's Commercial Estate assets held for income generation.	Possible	High	Current asset reviews have identified that due to the age and complexity of the Council's Commercial Estate, some assets' operating costs and capital investment needs may exceed annual rental income values. This will be managed through a detailed asset review that informs a programme of prioritisation for investment in the estate.
Impact on Reserves	Possible	High	Without additional government grant in recognition of unfunded inflationary and demand pressures there is the risk that Council reserve levels are not enough to manage in-year and future years risk.
Capital projects not delivered resulting in revenue reversion costs or liabilities from underwriting agreements	Possible	High	The Council has a number of projects within this category. These risks will continue to be monitored and reported. An assessment is made as part of the budget process to ensure that revenue reserves are sufficient to meet these risks. The capital programme methodology looks to de-risk projects wherever possible.
Interest rates increase	Possible	Medium	A reserve is available for borrowing to manage market risk and long-term borrowing costs have been factored into the longer-term MTFS. The latest forecast from our treasury management advisors is that longer term borrowing rates will remain volatile as the market reviews economic data on both the UK and US.
Funding pressures through WECA, ICB and other partners	Possible	Medium	Ensure good communication links with partner organisations.

Capital receipts in the areas identified are insufficient to meet target	Possible	Medium	There is a risk that a depressed market will impact on current values, in the short to medium term the Council should not rely on capital receipts as a key funding source.
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4 STATUTORY CONSIDERATIONS

4.1 The annual medium-term financial planning process allocates resources across services with alignment of these resources towards the Council’s corporate priorities. This report monitors how the Council is performing against the financial targets set in February 2024 through the Budget setting process.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 The financial implications are contained within the body of the report.

6 RISK MANAGEMENT

6.1 The substance of this report is part of the Council’s risk management process. The key risks in the Council’s budget are assessed annually by each Director, with these risks re-assessed regularly as part of the budget monitoring process.

7 CLIMATE CHANGE

7.1 The Medium-Term Financial Strategy and budget process aligns resources towards the corporate priorities and objectives set out in the Corporate Strategy, which includes tackling the climates emergency. This report monitors the Council’s financial performance against those budgets. and therefore does not include any decisions that have a direct impact on Climate Change.

8 OTHER OPTIONS CONSIDERED

8.1 None

9 CONSULTATION

9.1 Consultation has been carried out with the Cabinet Member for Resources, Directors, Executive Director - Resources (S151 Officer), Chief Executive and Monitoring Officer.

9.2 Consultation was carried out at meetings and via e-mail.

Contact person	<p><i>Gary Adams – Head of Financial Management</i> Gary_Adams@bathnes.gov.uk</p> <p><i>Paul Webb – Senior Finance Manager</i> Paul_Webb@bathnes.gov.uk</p>
Background papers	N/A
Please contact the report author if you need to access this report in an alternative format	

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Portfolio Number and Description	Cashlimit Number and Description	Current Budget £000	Quarter 3 Published Forecast £000	Change from previous Quarter Forecast Variance Over / (Under) £000	Forecast Outturn Variance Over / (Under) £000	Outturn Variance Analysis	Outturn Recovery Plan		
Detailed Analysis of Budgets for Leader of Council									
P04	Leader of Council	1112	Housing Delivery Vehicle	(1,000)	(1,080)	(80)	(80)	An increase in the dividend payable to the shareholder (Council) has materialised this year.	Not applicable
P04	Leader of Council	1119	Emergency Planning	725	657	(30)	(69)	An underspend on contract expenditure due to slippage on the new CCTV maintenance contract.	Not applicable
P04	Leader of Council	1136	External Affairs & Partnerships	0	0	0	0	No variance reported	Not applicable
P04	Leader of Council			(275)	(423)	(110)	(149)		
Detailed Analysis of Budgets for Climate Emergency and Sustainable Travel									
P27	Climate Emergency and Sustainable Travel	1127	Environmental Monitoring (Air Pollution)	208	124	(43)	(84)	An underspend on staffing due to vacancies and recovery of staff time charged to projects	Not applicable
P27	Climate Emergency and Sustainable Travel	1135	Transport Planning, Policy and Sustainable Transport	466	566	32	100	Income to fund the cost of the 94 bus service has not materialised, which is partly mitigated via the recharge of staff time which has been reflected within service areas.	Mitigation plans are to use grants to their full extent, and prioritise staff on income generating work (recharging to projects) as far as possible
P27	Climate Emergency and Sustainable Travel	1137	Green Transformation	690	640	45	(50)	Staffing vacancies across the service have led to the favourable variance	Not applicable
P27	Climate Emergency and Sustainable Travel Total			1,364	1,330	34	(34)		
Detailed Analysis of Budgets for Council Priorities and Delivery									
P32	Council Priorities and Delivery	1047	Human Resources & Organisational Development	990	866	(79)	(124)	Staff underspends across the service.	Not applicable
P32	Council Priorities and Delivery	1132	Business Change	789	761	(27)	(27)	Small staffing underspend within the service.	Not applicable
P32	Council Priorities and Delivery	1143	Corporate Office	2,142	2,107	(37)	(35)	Small staffing underspend within the service.	Not applicable
P32	Council Priorities and Delivery Total			3,921	3,735	(142)	(186)		
Detailed Analysis of Budgets for Resources - Services									
P19	Resources	1032	Information Technology	7,660	7,660	(0)	(0)	No variance reported	Not applicable
P19	Resources	1040	Finance	2,652	2,673	31	21	A small staffing pressure within the service.	Any opportunities for vacancy management or stopping discretionary spend will be actioned where possible.
P19	Resources	1041	Revenues & Benefits	2,163	2,169	(65)	6	A small staffing pressure within the service.	Reduction in reliance on agency staff by recruiting staff to permanent positions. Review of staffing structure to ensure posts are relevant to workload, alongside the introduction of new technologies.
P19	Resources	1042	Risk & Assurance Services	1,605	1,605	(7)	0	No variance reported	Not applicable
P19	Resources	1053	Council Solicitor & Democratic Services	3,069	3,028	(136)	(40)	Small underspends on legal staffing and election canvassing costs are contributing to a favourable variance.	Not applicable
P19	Resources	1054	Hsg / Council Tax Benefits Subsidy	405	405	0	0	No variance reported	Not applicable
P19	Resources	1081	Commercial Estate	(12,646)	(12,569)	(202)	77	Lower rental income than budgeted, some due to slower void refurbishment	Increased focus on returning void properties to market to both mitigate in-year pressures and ensure rental income shortfalls are not on-going.
P19	Resources	1118	Procurement & Commissioning	338	227	6	(111)	An underspend on staffing costs is forecast as a result of unfilled vacancies	Not applicable
P19	Resources - Services Total			5,246	5,199	(374)	(47)		
Detailed Analysis of Budgets for Resources - Corporate									
P19	Resources	1055	Capital Financing / Interest	4,906	3,856	0	(1,050)	There is an £800k underspend against the budget for MRP (Minimum Revenue Provision), following the final calculation of the 2024/25 charge. In addition, income from investment interest is currently forecast to be £250k greater than budgeted levels. This is mainly due to the Bank of England continuing to maintain the higher Base Rate for longer than was anticipated at the time the budget was set, resulting in the achievement of higher rates of return on investments.	Not applicable
P19	Resources	1056	Unfunded Pensions	1,388	1,418	30	30	Small overspend due to backdated claims of Pension inflation.	Unavoidable cost.
P19	Resources	1057	Corporate Budgets including Capital, Audit and Bank Charges	(5,371)	(9,187)	(2,922)	(3,816)	Release of £1m Revenue Contingency and £1m Inflationary Risk budgets. Corporately Supported Borrowing costs associated with provisional capital schemes that have not progressed to fully approved in year are estimated to come in £800k under budget. A further £300k underspend due to slippage in the approved programme has also materialised. Unbudgeted income of £295k relating to business rates grants, along with £435k from the City Deal has been received in-year.	Not applicable
P19	Resources	1058	Magistrates	12	12	0	0	No variance reported	Not applicable
P19	Resources	1059	Coroners	550	550	0	0	No variance reported	Not applicable
P19	Resources	1060	Environment Agency	262	262	0	0	No variance reported	Not applicable
P19	Resources	1061	West of England Combined Authority Levy	5,194	5,194	0	0	No variance reported	Not applicable
P19	Resources - Corporate Total			6,940	2,104	(2,892)	(4,836)		

Portfolio Number and Description	Cashlimit Number and Description	Current Budget £000	Quarter 3 Published Forecast £000	Change from previous Quarter Forecast Variance Over / (Under) £000	Forecast Outturn Variance Over / (Under) £000	Outturn Variance Analysis	Outturn Recovery Plan
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Detailed Analysis of Budgets for Economic And Cultural Sustainable Development

P33	Economic And Cultural Sustainable Development	1018	Heritage Services	(12,227)	(12,051)	175	175	There is a reduced income forecast, reflecting the lower level of visitors. This has been offset by some key income mitigations and reductions in pay spend (as a result of vacancies) and non-pay spend through some reduction in planned activity and some significant energy savings.	Having already had to find significant savings throughout the year, we cannot fully contain the impact. There is also a £75k saving relating to Visit West (cashlimit 1126) which partially mitigates this position.
P33	Economic And Cultural Sustainable Development	1037	Property Services	0	0	0	0	No variance reported	Not applicable
P33	Economic And Cultural Sustainable Development	1038	Corporate Estate Including R&M	5,464	6,038	61	575	Savings around the Corporate Landlord Model / rationalisation of estate have not materialised yet but have been partially offset by staff savings and improved cost recharge to projects.	Additional resource is now in place to maintain pace in the implementation of a Corporate Landlord Model, which will allow for quicker and targeted decision making on where expenditure can be stopped or reduced, both in the short and longer term, as well as speed up rationalising the estate.
P33	Economic And Cultural Sustainable Development	1039	Traded Services	0	0	0	0	No variance reported	Not applicable
P33	Economic And Cultural Sustainable Development	1052	Regeneration	(508)	437	42	945	The adverse position primarily relates to the variance between the original forecast income position and where the occupational market terms and enquiries are at No.1 Bath Quays (now 75% let).	The income shortfall will not be mitigated in year, however staff time is being targeted at project work to increase the amount of cost that can be recovered and ease the pressure on the staffing budgets.
P33	Economic And Cultural Sustainable Development	1109	World Heritage	123	119	(2)	(4)	No material variance reported	Not applicable
P33	Economic And Cultural Sustainable Development	1121	Events and Active Lifestyles	392	482	(18)	90	Pressures on income largely due to schedule changes for a couple of large scale events this year (£80k). In addition there is a small pressure due to the delayed delivery of savings, and pressures on staff recharges.	The Events team are working hard to achieve additional income. Limited scope to find savings within the service. Expenditure being closely monitored and any savings opportunities will be realised.
P33	Economic And Cultural Sustainable Development	1126	Visit Bath	76	0	(76)	(76)	Destination Management contract is now funded by WECA, resulting in B&NES contribution is no longer required.	Not applicable
P33	Economic And Cultural Sustainable Development	1128	Business & Skills	400	350	(34)	(49)	Predicted reduction in project spend and favourable income generating opportunities relating to staff recharges	Not applicable
P33	Economic And Cultural Sustainable Development Total			(6,280)	(4,625)	149	1,655		

Detailed Analysis of Budgets for Adult Services

P20	Adult Services	1019	Leisure	293	331	9	38	Slippage in timetable on introduction of new contracts with Excel Tennis (RVP site) and GLL (Leisure centres) has reduced income forecast for 24-25.	The Excel Tennis contract has now been completed and work is progressing on securing GLL contact variation before end of the year. The new contracts will deliver savings in 25-26 and future years. Product development works at Bath Leisure complex will be complete by early 2025 and this should help to improve footfall and income.
P20	Adult Services	1036	Adults Substance Misuse (DAT)	73	73	0	0	No variance reported	Not applicable
P20	Adult Services	1073	Adults & Older People-Mental Health Commissioning	8,469	8,060	(381)	(409)	Favourable variance resulting from various package movements and continued good practice from operations teams ensuring best outcomes and good value.	Not applicable
P20	Adult Services	1086	Adult Care Commissioning	1,794	1,767	44	(28)	Contract restructuring and one off savings resulting from staff vacancies.	Not applicable
P20	Adult Services	1088	Older People & Physically Disabled Purchasing	12,910	13,904	281	995	Demand pressures in supporting hospital discharge and independence in community. The number of care home placements and home care hours commissioned to support independence is significantly higher in Dec 24 than in Dec 23.	Social work forums are now in place to carefully review care and ensure it represents best outcomes for a user needs in an affordable way. Commissioners and brokers are also engaging with market and community partners to ensure best prices and value for money are achieved.
P20	Adult Services	1091	Learning Disabilities Commissioning	17,024	17,771	746	746	Pressure on the Learning disability and Autism budget continues due to demand for care and complexity of need.	Social Care Practice Forum review also helps ensure people with complex care and support needs access their entitlement to Continuing Health Care funding or joint funding via the Integrated Care Board.
P20	Adult Services	1093	Physical Disability, Hearing & Vision	3,661	3,639	(23)	(23)	Small favourable balance resulting from various package movements and continued good practice from operations teams to ensure best outcomes and good value.	Not applicable
P20	Adult Services	1094	Public Health	0	0	0	0	No variance reported	Not applicable
P20	Adult Services	1110	Better Care Fund	(2,740)	(2,740)	0	0	No variance reported	Not applicable
P20	Adult Services	1113	CCG B&NES CHC and FNC Payments	0	0	0	0	No variance reported	Not applicable
P20	Adult Services	1114	Community Equipment	244	244	0	0	No variance reported	Not applicable
P20	Adult Services	1123	Safeguarding Adults	(555)	(555)	21	0	No variance reported	Not applicable
P20	Adult Services	1124	Community Resource Centres & Extra Care Income	8,388	7,286	(508)	(1,102)	Robust management controls on backfilling vacancies and use of agency staff, along with strong fee income has resulted in a favourable forecast budget variance. There is a targeted recruitment campaign for permanent staff at Cleeve Court (CRC) with the aim to return safely to full bed utilisation once permanent staffing in place. A review of extra care provision is being undertaken to ensure the service is effectively meeting needs of the local community.	Not applicable
P20	Adult Services	1141	Social Care	11,731	11,551	(180)	(180)	A combination of recruitment challenges and vacancy management has resulted in staffing underspend across the service area. Key posts to deliver statutory functions have been managed through agency staff in the short-term.	Not applicable
P20	Adult Services Total			61,293	61,331	9	38		

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Portfolio Number and Description	Cashlimit Number and Description	Current Budget £000	Quarter 3 Published Forecast £000	Change from previous Quarter Forecast Variance Over / (Under) £000	Forecast Outturn Variance Over / (Under) £000	Outturn Variance Analysis	Outturn Recovery Plan
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Detailed Analysis of Budgets for Children's Services

P21	Children's Services	1076	Children, Young People & Families	19,193	23,341	800	4,148	£3.5m pressure across all demand led budget areas. This pressure occurs as follows: Residential Care £2.9m, Disabled Children Care (DCC) £1.1m, spend to support those not in care £0.3m, Unaccompanied Asylum Seeker Children Care (UASC) £0.1m, Parent & Baby Care £0.1m. These overspends are offset by under budget positions from In House Foster Care and reduced spend versus our contingent budget for costs of the Joint Agency Pool (JAP) (total of both areas underspend £1.0m). It should be noted that the reduced spend in JAP has a strong correlation with increased spend in DCC, as this is where support and care for our most complex children will be funded from, if not in JAP. There is also £0.6m staffing pressures as a result of the need to cover vacancies with more expensive agency workers. These pressures are net of £0.88m in-year mitigations, and include the full delivery of £0.96m budgeted transformation savings across the demand led budget areas. £2.6m demand led budget pressures continued from 23/24, due to ongoing increased demand and complexity of supporting our children and young people.	Continued monitoring and scrutiny of high risk areas, predominantly demand led budgets, savings targets and agency spend. £0.6m in-year recovery forecast from Quarter 1, plus further in-year recovery forecast from Quarter 2 £0.28m in addition to £0.96m base budgeted transformation savings.
P21	Children's Services	1077	Inclusion & Prevention	2,596	2,393	(194)	(203)	Targeted one-off reduction in spend across multiple teams.	Not applicable
P21	Children's Services	1078	Education Transformation	4,647	4,841	(10)	194	£0.14m pressure from Teachers Pensions continuing from 23/24. Balance of pressure relates to staffing, where agency usage is needed to cover vacancies and respond to demand.	Staffing costs will continue to be closely monitored and any savings opportunities will be realised.
P21	Children's Services	1079	Schools Budgets	(1,547)	(1,547)	0	0	The forecast for the DSG is currently predicted to be overspent by £11.927m. The significant element of this position is the High Needs Block which supports pupils with SEND which is forecast to be overspend by £12.3m. The council resubmitted its Safety Valve plan to the DFE during September which predicted a year end position of £12.28m	The DFE have yet to comment on our resubmission but it is hoped that this will allow the DFE to reinstate the Safety Valve payments. The anticipated safety valve payment is £1.65m
P21	Children's Services	1116	Integrated Commissioning - CYP	1,967	1,966	(0)	(1)	No material variance reported	Not applicable
P21	Children's Services	1117	Safeguarding - CYP	91	91	0	0	No variance reported	Not applicable
P21	Children's Services	1142	Home to School Transport	9,403	10,810	(562)	1,407	Significant cost pressures relating to both demand and market price are still creating a significant financial pressure in delivering the statutory home to school transport service. However, the increase in demand and cost for the 2024/25 school year has not been as high as expected when producing the Quarter 2 forecast. The Quarter 3 forecast has been calculated based on actual demand and invoices received, whereas Quarter 2 was forecasted based on historic data. Some new routes have been delivered in-house to make cost savings, while reduced depot costs, and a small underspend on staffing have also contributed to reducing the forecast overspend by £0.56m since Quarter 2.	Home to school transport processes are being reviewed end to end to ensure the most efficient and effective delivery of our statutory responsibility in a challenging market place
P21	Children's Services Total			36,350	41,895	33	5,545		

Detailed Analysis of Budgets for Highways

P34	Highways	1103	Transport & Parking Services - Parking	(8,765)	(9,441)	(114)	(676)	Income has remained above budgeted levels, but we are seeing some pressures in some off street locations. The additional income budgeted for the HGV charging scheme will not materialise due to the scheme not going ahead, but the financial impact is reduced by savings on staffing and expenditure.	Not applicable
P34	Highways	1129	Clean Air Zone	0	0	0	0	Income levels continue to show indications of anticipated downturn due to improvements in vehicle compliance as expected with the scheme, however still just exceeding budget levels due to continuing higher levels of penalty charge income and debt recovery.	Not applicable
P34	Highways	1133	Network & Traffic Management	742	712	(50)	(29)	Pressures on signals maintenance and staff recharges, which has been more than offset by vacancy management and increased income.	Not applicable
P34	Highways	1134	Highway Maintenance	6,911	6,777	(20)	(134)	Operational pressures due to increased service supported borrowing charges, however this is more than offset by staff vacancy management and reduced energy costs for Street lighting.	Not applicable
P34	Highways	1144	Park and Ride	(473)	(473)	0	0	No variance reported	Not applicable
P34	Highways Total			(1,586)	(2,424)	(185)	(839)		

Portfolio Number and Description	Cashlimit Number and Description	Current Budget £000	Quarter 3 Published Forecast £000	Change from previous Quarter Forecast Variance Over / (Under) £000	Forecast Outturn Variance Over / (Under) £000	Outturn Variance Analysis	Outturn Recovery Plan		
Detailed Analysis of Budgets for Neighbourhood Services									
P05	Neighbourhood Services	1089	Community Safety	216	205	(10)	(11)	Small staffing underspend within the service.	Not applicable
P05	Neighbourhood Services	1101	Neighbourhoods & Environment - Waste & Fleet Services	20,454	20,733	(153)	279	Pressures on staffing costs and retaining depots has created an adverse position, this has been reduced due to increased recycles and trade waste income and a reduction in some maintenance costs. This combined with introducing a range of mitigations and holding vacancies to reduce the pressures on budgets across the service.	Regularly reviewing opportunities to reduce pressures within the service, costs will be closely monitored and any savings opportunities will be realised.
P05	Neighbourhood Services	1102	Neighbourhoods & Environment - Parks & Bereavement Services	2,075	2,268	7	193	Parks have a small pressure from the delayed delivery of savings, however this has been mitigated by reducing expenditure across the service. Bereavement services have a pressure of £165k due to the closure of the valley chapel for remedial works from previous capital project, and a slow down in the death rate since the early part of 2024 has caused a further pressure on income.	Staffing costs will be closely monitored and any savings opportunities will be realised.
P05	Neighbourhood Services	1115	Registrars Service	(96)	(110)	(37)	(14)	A small forecast staffing pressure within the service	Not applicable
P05	Neighbourhood Services	1122	Customer Services (Including Libraries)	2,819	2,948	13	129	A £100k savings target to reduce costs of customer services across the organisation through digitalisation is forecast as only partially achieved at this stage in the year. Staffing pressures make up the remainder of the forecast overspend.	Initiatives are underway to assess the potential for digitalisation and process redesign across the organisation which will drive out further savings opportunities.
P05	Neighbourhood Services	1139	Public Protection	1,263	1,406	(44)	143	Pressures on licensing (£123k) and pest control income (£45k) this has been partly reduced due to increased trading standards income and the implementation of savings across the service	Limited scope to find savings within the service to offset income shortfall. Expenditure being closely monitored and any savings opportunities will be realised.
P05	Neighbourhood Services Total			26,731	27,450	(223)	719		
Detailed Analysis of Budgets for Built Environment and Sustainable Development									
P35	Built Environment and Sustainable Development	1029	Housing	1,541	1,295	(29)	(246)	A favourable variance due to the delayed implementation of new structure and favourable income generating opportunities.	Not applicable
P35	Built Environment and Sustainable Development	1106	Development Management	1,403	1,372	(80)	(31)	Higher income generation than anticipated and further favourable staffing movements are contributing to the favourable position	Not applicable
P35	Built Environment and Sustainable Development	1138	Building Control	(90)	92	42	182	Lack of income generating opportunities due to market conditions, partially offset by favourable staffing movements	Limited scope to find savings within the service to offset income shortfall. Expenditure being closely monitored and any savings opportunities will be realised.
P35	Built Environment and Sustainable Development Total			2,854	2,759	(67)	(95)		
Council Total				136,561	138,332	(3,769)	1,772		
Partial release of dilapidations provision				0	(800)	(800)	(800)	Anticipated release of dilapidations provision held on the balance sheet based on latest available information	Not applicable
Revised Council Total				136,561	137,532	(4,569)	972		

FINANCE BUDGET MONITORING QUARTERLY DASHBOARD - April to December 2024

CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS

		24/25 Current Budget £'000	24/25 Forecast £000	24/25 Variance - Approved Budget vs Forecast £'000	Re-phasing to Future Years £'000
Neighbourhood Services					
Parks S106 Projects	Park S106 Projects: 1) Weston: basket swing & play equipment being procured. 2) Hedgemead: Walling plans being advanced 3) Sullis Meadows: Cycle Way from Threeways to St Gregs, now aligned with Scholars Way delivery 4) Linear Park/Brickfields: Play equipment installation planned for Q4 5) Foxhill: surveys complete and now at detailed design stage. Rephasing needed as longer lead times. 6) Parks Pollinator: Project Completed, 7) Manor Rd Woodlands: Current phase completed. 8) Abbots Wood: start on site in 2025/26 after planning delay 9) Teviot Rd: rephased to 2025/26 due to capacity. 10) Combe Down Allotments: decisions now planned for 2025/26.	950	316	634	634
Pixash Site Redevelopment	We are working towards final settlement with the contractor and some final works to complete, including continuing to explore options for a permanent base for SEND Passenger Transport Fleet .	2,753	867	1,885	1,885
Waste Infrastructure Modernisation	The public consultation has concluded. The Planning application will be expected to be reviewed in the March Planning Committee, which if successful will result in the Full Business Case being put forward for decision.	629	580	49	49
Resources					
Commercial Estate Refurbishment Programme	A programme of works to repair and improvements, where necessary, to prepare vacated commercial properties for letting to new tenants. Projects have been delayed as we recruited a project management team, with more of the work now expected to be progressed in 2025/26.	5,597	2,360	3,237	3,237
Property Company Investment - Council (Loan): Developments	The Aequus loan requirement for 2024/25 is estimated at £1.9m, largely relating to loans repayable from rents on homes which also receive Local Authority Housing Fund Grants funding .	10,861	1,900	8,961	8,961
Orange Grove	This programme is to address and prevent further structural decay of the Grade 2 Listed Building in Orange Grove, Bath. We have had to complete detailed surveys and currently procuring works to commence in 2025/26.	992	100	892	892
Economic & Cultural Sustainable Development					
Bath Quays North	The Council and the University of Bath are exploring a partnership for the development of an innovation campus. Aequus have now submitted detailed planning for 96 residential units across sites 6 and 7, with a start on site anticipated in 2026.	1,816	1,318	497	497
BWR Phase 2	BWR has an "In principle" agreement of a £18.2m of Homes England grant funding to deliver land remediation and infrastructure works and in Q4 we will be finalising contracts , and will start work as soon as possible thereafter. Midland Road housing (176 homes) is now subject to the determination of the household recycling centre planning application to relocate to Locksbrook Road . The business case for the housing delivery to maximise affordable housing, is reliant upon future grant funding announcements. The decision to accept the Homes England funding will update the budget in Q4 , where we will also remove an unrealisable capital receipt of £1.1m.	4,259	1,026	3,233	2,133
Corporate Estate Planned Maintenance	Planned maintenance works have a priority to ensure compliance with statutory obligations. Projects for 2024/25 have included roof investigations to the Guildhall and Guildhall Market, repairs to Keynsham Children's Centre and further upgrades to LED office lighting which will result in lower energy costs and emissions. Drainage and resurfacing works at a corporate sites are underway including works at Kensington Meadows. Staff shortages have delayed placement of works, which we will now commence in 2025/26. We continue to monitor unplanned reactive works.	4,619	2,755	1,865	1,865

FINANCE BUDGET MONITORING QUARTERLY DASHBOARD - April to December 2024

CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS

		24/25 Current Budget £'000	24/25 Forecast £000	24/25 Variance - Approved Budget vs Forecast £'000	Re-phasing to Future Years £'000
Somer Valley Enterprise Zone - Infrastructure	The Mayoral Combined Authority has approved the development of Full Business Case in September 2025. This also gave delegated authority to develop options for the investment of MCA capital into Somer Valley Enterprise Zone, to include grant funding for infrastructure, land acquisition and the creation of a joint delivery vehicle. Acceptance of new grant funding into the Capital Programme is pending. The project is continuing with a Compulsory Purchase Order and the technical design for the highways works.	348	348	-	-
Midsomer Norton High Street Renewal Programme	Construction works to create the new Market Square in Midsomer Norton are being finalised and due to complete in 2025. Strengthening work to the River Somer culvert is making good progress. High Street works now include creation of new bus interchange, alongside pavement widening, following an additional WECA funding award. The project is on track for completion in this financial year.	1,828	1,021	807	807
Bath City Centre Renewal Programme	This scheme contains a series of smaller capital projects and installations in Bath city centre to improve the accessibility of the public realm. This includes works to install electricity points for markets and street traders at Milsom Street and small scale public realm works in the Milsom Quarter.	1,091	223	867	867
Milsom Quarter Masterplan Delivery	This is a package of projects: (i) The Council has progressed a series of technical studies and site surveys of the Walcot Gateway site, de-risking proposals to improve implementation. (ii) The Fashion Museum concept designs have now been completed. (iii) The Milsom Quarter public realm scheme has now been developed to concept stage and includes a new public space in front of St Michael's Church (Northgate Square), with an initial technical approval review by highways has been completed. (iv) A scheme to provide new creative workspace at Broad Street Yards has also been progressed. Slippage reflects programme updates to extend the design stage, with Full Business Case submission now due next financial year after the Mayoral elections.	850	255	595	595
Radstock Regeneration	Through grant provision to Radstock Town Council, the acquisition of Trinity Church is complete and improvements to create a community hub and event space are progressing. Surveys and scoping work is underway, with a view to starting priority works to the roof, including the installation of solar panels, alongside other repairs before March 2025.	473	413	60	60
High Street Recovery	The project will redevelop Council owned vacant units in Keynsham Temple Street/Riverside to bring them back into productive use and employment. Extensive discussions with prospective tenants has led to re-design and rephasing. The current tender process anticipates Contractors will be appointed in March/April with construction works complete by August 2025. Tenancies are due to start first of September 2025.	1,229	134	1,095	1,095
Victoria Art Galley Roof Refurbishment	Victoria Art Gallery roof slates were at the end of their life and works to replace these have commenced after budget approval from Capital Programme Contingency. Works are due to complete by April 2025.	855	855	-	
Children's Services					
Basic Needs - School Improvement / Expansion	Scheme Highlights are; St Keyna Primary expansion by one form entry to a 420 place school, with new 6 classroom block built to Passivhaus standard: The frame installation is now almost complete with the crane to be dismantled before the Christmas shut down 20th Dec. Programme completion target date is set for August 2025. Mealing working in line to current programme. Window installer starts this week. Planning Conditions continue to be discharged the most recent being the Sports Pitch. Condition re. BNG has been issued for discharge. Oldfield School Technical Block: This project is a contribution to deliver a new design and technology block. Completion is imminent. Keynsham East towards provision of Two Rivers playing field: £47k to be rephased into 25/26.	4,239	4,192	47	47

FINANCE BUDGET MONITORING QUARTERLY DASHBOARD - April to December 2024

CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS

		24/25 Current Budget £'000	24/25 Forecast £000	24/25 Variance - Approved Budget vs Forecast £'000	Re-phasing to Future Years £'000
Schools Capital Maintenance Schemes	Schools Condition Grant is received for our maintained schools' programme of repair and maintenance works. In 2024/25 this includes the following: Newbridge Primary - 1) Re-wiring and replacement LED lighting now largely completed 2) On-going repair to a boundary wall 3) A new external learning space 4) replacement windows 5) roof repairs 6) external doors replacement. At Twerton Infants 1) LED lighting upgrade and 2) Roof covering replacements including strengthening to allow PVs. At St Keyna Primary 1) LED lighting upgrades. To date, there has been less call on the Emergency Works and Minor Works budget so we are planning to rephase budget into 2025/26.	2,295	985	1,310	1,310
SEND (Special Education Needs & Disability) Capital Programme	Projects to provide Resource Bases and SEND adaptations at schools and colleges across BANES. We have completed schemes at Hayesfield School, Bath College, MSN Primary and Peasedown St John Primary. Our on-going projects are 1) A Social, Emotional and Health support at Mulberry Park Primary; 2) Two 20 pupil secondary resource bases for autism support at Ralph Allen and St Mark's. The programme is re-aligned to reflect some delivery in 2025/26.	2,686	2,607	79	79
Special Education Needs & Disability (SEND) - Residential Provision at Bath College	New residential provision is planned to be delivered by Bath College, but are pending College Board approval before progressing. Once confirmed we can finalise plans and more accurately forecast delivery timescales.	2,490	100	2,390	2,390
Climate Emergency & Sustainable Travel					
Bath River Line	Bath River Line aims to create a linear park following the River Avon. We are currently working on Phase 1, the Western section from Newbridge to Bath Quays which consists of 11 interventions, of which we have started work on 7. We are out to tender for construction and aiming to complete the current section by June 2025.	1,548	411	1,137	1,137
CRSTS Cycling and Walking - Scholars Way	This budget is for delivery of Scholars Way for active travel walking, wheeling and cycling improvements. This is made up of £2m CAZ funding for the Western section of the route and £370k LATS funding for the Eastern section (Oakley Copseland crossings, and £20k feasibility budget for a Ralph Allen school (RAS) crossing.) The £2m has been fully approved through an SMD with delivery and construction planned in 2025. Feasibility on RAS will complete by March 25 whilst the LATS crossings will complete by early summer of 2025.	2,370	285	2,085	2,085
CRSTS Somer Valley Links (SVL)	This project aims to improve travel between Midsomer Norton, Radstock, Westfield and Bath via the A367 and Bristol via the A37; and the A362 link road between them, through better bus infrastructure and enabling more walking and cycling. It is currently in the FBC stage scheduled for submission in Summer 2025, and on into delivery and construction with completion during 2026/27. Public consultation is planned during February/March 2025.	1,804	1,077	727	727
Highways					
CAZ - Clean Air Zone	CAZ Queen Square Public Realm projects are underway. Resurfacing works and footway improvements have now been completed with the focus of the remainder of works green space improvements and wayfinding upgrades. There is rephasing into 2025/26, as determination of finalised concept designs is still pending. Rephasing also includes £131k funding relating to the Financial Assistance Scheme.	1,005	192	813	813

FINANCE BUDGET MONITORING QUARTERLY DASHBOARD - April to December 2024

CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS

		24/25 Current Budget £'000	24/25 Forecast £000	24/25 Variance - Approved Budget vs Forecast £'000	Re-phasing to Future Years £'000
City Centre Security - Highways Scheme	Works at Lower Borough Walls have been completed and the successful delivery of project to date has ensured we continue to forecast within budget. The project is currently considering options for the measures required on the junction of Beau Street and Stall Street.	2,498	2,498	-	
Highways Maintenance Block	Programmes of Carriageway Resurfacing is substantially completed with only Prior Park Road now for delivery, expected in March 2025; Micro-surface Treatment Programme completed; Machine Laid Patching completed; Street Lighting Column replacement and Drainage Improvements programmed through to January 2025; Road Marking Refresh and Crack Sealing programmes completed. Footway Paving substantially completed with only Milsom Street planned in Q4; Asphalt Concrete Paving programme completed. £502k to be rephased into 2025/26 reflecting the following: Delivery of A37 Temple Cloud works, which needs a diversion order which is unlikely to happen in 2024/25; Cleveland Bridge ongoing monitoring to continue into 2025/26; various landslip investigations (including Upper Stanton, Stanton Drew - Bank Stabilisation) are still in the Planning Stage; East Harptree Drainage Scheme being progressed in partnership with Wessex Water.	9,695	9,194	501	501
CRSTS Liveable Neighbourhoods Page 52	<p>A full business case fully identifying proposed interventions for 11 Liveable Neighbourhood (LN) areas was approved by WECA in September 2024, releasing the remaining CRSTS grant to deliver these schemes before 31 March 2027.</p> <p>Schemes trialled under an ETRO (Experimental Traffic Regulation Order) in 2022 in Church Street (Widcombe), Southlands (Weston) and Queen Charlton Lane, (Queen Charlton) have now been made permanent. A further four trials have been delivered in 2024, at Lower Lansdown and The Circus (specifically in Winifred's Lane, Catharine Place and Gay Street) and New Sydney Place and Sydney Road. The decisions on these trials and whether they should be made permanent, will be made in 2025.</p> <p>Progress is being made on the detailed design and delivery of interventions. Delivery will be staggered up until March 2027 to accommodate other projects and interventions on the traffic network. The next key milestone is a series of informal engagements on the LN schemes until March 2025 (avoiding pre-election periods for the Salford by-election and the Mayoral Combined Authority election).</p>	3,152	1,780	1,372	1,372
CRSTS Manvers Street Remediation	A CRSTS funded budget held for Manvers Street and Pierrepont Street Refurbishment. Preliminary design has been commenced following series of surveys. A decision expected in early 2025 regarding how to proceed, including scope and phasing of delivery.	530	530	-	
Local Active Travel Safety Programme (LATS)	<p>The 2024/25 approved programme will largely be delivered, with some delivery will be in Spring 2025. Projects, including some of which are S106 funded, that require planning approval or agreement with neighbouring authorities will be rephased into 2025/26 and consisting of:</p> <ul style="list-style-type: none"> •Manor Road Farrington Gurney – Crossing on hold pending pedestrian count. •A S106 funded scheme for the Brambles Resurfacing. •A S106 funded scheme for the Temple Cloud Footway Works. •A S106 funded scheme for the Footway Improvements in Keynsham. •Feasibility and design for Whiteway Road. •A partially S106 funded scheme for a pedestrian crossing at Fosseway (pending Somerset CC approval). •Camden Road Safety Crossings and Speed Measures. •Bloomfield Road Pedestrian and Cycling Safety Review and Delivery. •Property Collision at Bannerdown Road. •Feasibility studies for Redlinch Lane Junction with Charlton Road show a likelihood for 3rd party land which is extending delivery date. 	3,207	2,785	422	422

FINANCE BUDGET MONITORING QUARTERLY DASHBOARD - April to December 2024

CAPITAL APPENDIX 2 - KEY SCHEME VARIANCE ANALYSIS

		24/25 Current Budget £'000	24/25 Forecast £000	24/25 Variance - Approved Budget vs Forecast £'000	Re-phasing to Future Years £'000
Built Environment & Sustainable Development					
Englishcombe Lane Supported Housing	Scheme to provide 16 homes for neurodivergent clients with Learning Difficulties and Autism. Work continues on discharging pre-commencement conditions with a start on site anticipated late summer 2025 after the final investment decision.	438	277	161	161
Local Authority Housing Fund (Ukrainian/Afghan homes)	The Council agreed a further memorandums of understanding with DLUHC to increase provision to 27 units of accommodation. To date the first 20 properties have been purchased.	3,133	2,294	839	839
Social Rent Programme (Phase 1 of BANES Homes)	Work continues on time and within budget on the construction of eight new affordable homes for social rent on the Argyle Works site. In addition in Q4, we will start on site ten affordable, energy efficient, apartments in Dane's Lane, the main delivery for this being in 2025/26.	4,015	2,647	1,368	1,368

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Appendix 5 - Revenue Savings Monitor

Savings Proposal Title	Description	Portfolio	Cash Limit	Cash Limit Description	Exp / Income	Permanent Saving Value £000	One-Off Saving Value £000	Permanent Savings Delivery Forecast	One-Off Savings Delivery Forecast	Total Savings Delivery Forecast	Total Savings Forecast Variance	Saving delayed until 2025/26	Saving mitigated by one-off underspend or income	Saving mitigated on an on-going basis	On-going budget pressure	Variance Commentary
Portfolio: Climate Emergency and Sustainable Travel																
Corporate Strategy priority projects	Swap recurring revenue funding for draw down from a policy reserve to fund individual time-limited projects related to delivering the Corporate Strategy where external funding is likely to be secured. Overall funding for Green Transformation being maintained over the next three years (2024-27).	Climate Emergency and Sustainable Travel	1137	Green Transformation	Income	(150)	0	0	0	0	150	50	100	0	0	Additional external funding has not yet been secured, which means the service is relying on reserve funding in-year to ensure the budget does not overspend. However, this will be reviewed closely during the year and use of any reserve funding will require the relevant approvals at year-end.
Climate Emergency and Sustainable Travel Total						(150)	0	0	0	0	150	50	100	0	0	
Portfolio: Council Priorities and Delivery																
Being Our Best programme	The Being Our Best programme is a planned review and rationalisation of our management and operating structures to best serve the authority. Senior management structures will be reviewed first, followed by Heads of Service and service leads. This may result also in savings.	Council Priorities and Delivery	1047	Human Resources & Organisational Development	Exp	(2,500)	0	(500)	0	(500)	2,000	0	2,000	0	0	Delays in implementing the smarter structures element of the programme due to the pay and grading review, have resulted in slippage in delivery of savings. This is being mitigated in-year from corporate contingency as a one-off measure.
Council Priorities and Delivery Total						(2,500)	0	(500)	0	(500)	2,000	0	2,000	0	0	
Portfolio: Resources																
Consolidation of IT Systems	Rationalisation of our IT systems to enable consolidation and added functionality to the core systems we have adopted. This will remove legacy service specific systems that can be costly to maintain, are at risk of becoming obsolete, and do not enhance reporting or the customer experience.	Resources	1032	Information Technology	Exp	(154)	0	(154)	0	(154)	0	0	0	0	0	Forecast as fully delivered
Capital programme borrowing review	Review all capital programme items that are funded by council borrowing to align the delivery programme with our expenditure cashflow requirements. Based on current capital monitoring and assessment of cash balances this will reduce our revenue budget requirement to fund borrowing costs.	Resources	1055	Capital Financing / Interest	Exp	(2,000)	0	(2,000)	0	(2,000)	0	0	0	0	0	Forecast as fully delivered
Thermae Spa income	Adjustments to our income budget to align with the current income performance of the Thermae Spa.	Resources	1057	Corporate Budgets including Capital, Audit and Bank Charges	Income	(100)	0	(100)	0	(100)	0	0	0	0	0	Forecast as fully delivered
Review transport expenditure	Review the level of the Transport Levy and top-up to protect specific supported bus services by reflecting the underspend by WECA.	Resources	1057	Corporate Budgets including Capital, Audit and Bank Charges	Exp	(160)	0	(160)	0	(160)	0	0	0	0	0	Forecast as fully delivered
Corporate overhead rebasing	Economies of scale to be identified from the £2m budget funding corporate overheads within the existing HRCG contract. These functions will be provided by us from April 2024 as part of the in-house delivery model.	Resources	1057	Corporate Budgets including Capital, Audit and Bank Charges	Exp	(200)	0	(200)	0	(200)	0	0	0	0	0	Forecast as fully delivered
Contract management	Review and upgrade the Council's approach to contract management through a phased multi-year programme of improvements.	Resources	1118	Procurement & Commissioning	Exp	(150)	0	(150)	0	(150)	0	0	0	0	0	Forecast as fully delivered
Resources Total						(2,764)	0	(2,764)	0	(2,764)	0	0	0	0	0	

Savings Proposal Title	Description	Portfolio	Cash Limit	Cash Limit Description	Exp / Income	Permanent Saving Value £000	One-Off Saving Value £000	Permanent Savings Delivery Forecast	One-Off Savings Delivery Forecast	Total Savings Delivery Forecast	Total Savings Forecast Variance	Saving delayed until 2025/26	Saving mitigated by one-off underspend or income	Saving mitigated on an on-going basis	On-going budget pressure	Variance Commentary
Portfolio: Economic And Cultural Sustainable Development																
Heritage Services additional income	Gross income uplift for 24/25 based on business plan projections.	Economic And Cultural Sustainable Development	1018	Heritage Services	Income	(4,270)	0	(4,270)	0	(4,270)	0	0	0	0	0	Forecast as fully delivered
Corporate landlord: centralisation of facilities management	Centralisation of our facilities management activity to generate efficiency savings in the management of Council-owned buildings, and growing income from construction/project delivery service.	Economic And Cultural Sustainable Development	1038	Corporate Estate Including R&M	Exp	(100)	0	0	0	0	100	100	0	0	0	Delays in implementing the Corporate Landlord Model (CLM) has meant associated efficiency savings have not been delivered. Resource is in place to progress the implementation of the CLM for 2025/26.
Bath Quays South lettings	New lettings secured for Bath Quays South offices over and above previous financial projections.	Economic And Cultural Sustainable Development	1052	Regeneration	Income	(600)	0	0	0	0	600	600	0	0	0	Delays in filling all rentable floor space, coupled with some rent free periods has meant the budgeted income level will not be achieved in 2024/25. However, the £600k will materialise for 2025/26.
City and Town Centre Management Service redesign	Implement transformational change to deliver services in a different way across City & Town Centre Management, including Events & Film Office.	Economic And Cultural Sustainable Development	1121	Events & Active Lifestyles	Exp	(60)	0	(60)	0	(60)	0	0	0	0	0	Forecast as fully delivered
Business and Skills: recharge officer time to projects	Provide Business and Skills services to employers through external grant funded activity only and reduce additional Council support.	Economic And Cultural Sustainable Development	1128	Business & Skills	Exp	(38)	0	(38)	0	(38)	0	0	0	0	0	Forecast as fully delivered
Economic And Cultural Sustainable Development Total						(5,068)	0	(4,368)	0	(4,368)	700	700	0	0	0	

Savings Proposal Title	Description	Portfolio	Cash Limit	Cash Limit Description	Exp / Income	Permanent Saving Value £000	One-Off Saving Value £000	Permanent Savings Delivery Forecast	One-Off Savings Delivery Forecast	Total Savings Delivery Forecast	Total Savings Forecast Variance	Saving delayed until 2025/26	Saving mitigated by one-off underspend or income	Saving mitigated on an on-going basis	On-going budget pressure	Variance Commentary
Portfolio: Adults Services																
Royal Victoria Park leisure facilities	Procurement of new operator for RVP café, tennis, adventure golf, and event spaces (incl. ice rink) presents opportunity to increase income.	Adult Services	1019	Leisure	Income	(10)	0	(10)	0	(10)	0	0	0	0	0	Forecast as fully delivered
Social care package review	Review of care packages so that they match user needs in an affordable way.	Adult Services	1073	Adults & Older People-Mental Health Commissioning	Exp	(61)	0	(61)	0	(61)	0	0	0	0	0	Forecast as fully delivered
Social care package review	Review of care packages so that they match user needs in an affordable way.	Adult Services	1088	Older People & Physically Disabled Purchasing	Exp	(185)	0	(185)	0	(185)	0	0	0	0	0	Forecast as fully delivered
Commissioning	Commission local services to match users needs in an affordable way.	Adult Services	1091	Learning Disabilities Commissioning	Exp	(230)	0	(230)	0	(230)	0	0	0	0	0	Forecast as fully delivered
Social care package review	Review of care packages so that they match user needs in an affordable way.	Adult Services	1093	Physical Disability, Hearing & Vision	Exp	(24)	0	(24)	0	(24)	0	0	0	0	0	Forecast as fully delivered
Commissioning	Commission local services to match users needs in an affordable way.	Adult Services	1093	Physical Disability, Hearing & Vision	Exp	(50)	0	(50)	0	(50)	0	0	0	0	0	Forecast as fully delivered
Review of Better Care Fund	Improved Better Care Fund with enhanced allocation process whilst protecting social care expenditure.	Adult Services	1110	Better Care Fund	Exp	(200)	0	(200)	0	(200)	0	0	0	0	0	Forecast as fully delivered
Community Support Contracts	Review and recommission community support contracts.	Adult Services	1110	Better Care Fund	Exp	(400)	0	0	0	0	400	0	400	0	0	The saving will not be achieved in the original planned areas in 2024/25 and will be mitigated from temporary grant funding identified elsewhere in the service.
Commissioning review	Planned review of commissioning model across Adult and Children's Services.	Adult Services	1086	Adult Care Commissioning	Exp	(250)	0	(250)	0	(250)	0	0	0	0	0	Forecast as fully delivered
Community Resource Centres	Redesign in-house services so that they match areas of high demand for care.	Adult Services	1124	Community Resource Centres & Extra Care Income	Exp	(300)	0	(300)	0	(300)	0	0	0	0	0	Forecast as fully delivered
Adult Services Total						(1,710)	0	(1,310)	0	(1,310)	400	0	400	0	0	
Portfolio: Children's Services																
Specialist commissioning	Rebasing of contracts as part of the commissioning review.	Children's Services	1076	Children, Young People & Families	Exp	(500)	0	(500)	0	(500)	0	0	0	0	0	Forecast as fully delivered
Reprofiled transformation savings	Remodelling of service delivery to increase in house provision.	Children's Services	1076	Children, Young People & Families	Exp	(460)	0	(460)	0	(460)	0	0	0	0	0	Forecast as fully delivered
Reduce Children's Services discretionary spend	Reduce discretionary spending in areas including family support.	Children's Services	1077	Inclusion & Prevention	Exp	(150)	0	(129)	0	(129)	21	0	21	0	0	The full saving will not be achieved in the original planned areas and will be mitigated from underspends identified elsewhere in the service.
Health and Wellbeing Services	Health improvement projects re-evaluation - £200k savings applied to Children's	Children's Services	1116	Integrated Commissioning - CYP	Exp	(200)	0	(200)	0	(200)	0	0	0	0	0	Forecast as fully delivered
Reduce Children's Services discretionary spend	Reduce discretionary spending in areas including family support.	Children's Services	1116	Integrated Commissioning - CYP	Exp	(150)	0	(25)	0	(25)	125	0	125	0	0	The full saving will not be achieved in the original planned areas and will be mitigated from underspends identified elsewhere in the service.
Children's Services Total						(1,460)	0	(1,314)	0	(1,314)	146	0	146	0	0	

Page 7

Savings Proposal Title	Description	Portfolio	Cash Limit	Cash Limit Description	Exp / Income	Permanent Saving Value £000	One-Off Saving Value £000	Permanent Savings Delivery Forecast	One-Off Savings Delivery Forecast	Total Savings Delivery Forecast	Total Savings Forecast Variance	Saving delayed until 2025/26	Saving mitigated by one-off underspend or income	Saving mitigated on an on-going basis	On-going budget pressure	Variance Commentary
Portfolio: Highways																
Parking Services: income rebasing	Income generated from the implementation of Emission Based P&D, RPZ schemes, Permit changes and Enforcement Review	Highways	1103	Transport & Parking Services - Parking	Income	(225)	0	(225)	0	(225)	0	0	0	0	0	Forecast as fully delivered
Parking Services: income rebasing	Review of in-year 23/24 parking income due to increased demand over and above budgeted value	Highways	1103	Transport & Parking Services - Parking	Income	(600)	0	(600)	0	(600)	0	0	0	0	0	Forecast as fully delivered
Parking charge increases and implementation of new emissions-based parking charges	Inflationary price rises, alongside the introduction of emission-based parking charges for all vehicles to all locations in Bath (on and off street), Keynsham, Saltford, Midsomer Norton, and Radstock. Motorbikes will also require valid permits in residential parking zones.	Highways	1103	Transport & Parking Services - Parking	Income	(206)	0	(206)	0	(206)	0	0	0	0	0	Forecast as fully delivered
Parking Services: income rebasing	Increased income from Park and Ride service	Highways	1104	Transport & Parking Services - Public & Passenger Transport	Income	(60)	0	(60)	0	(60)	0	0	0	0	0	Forecast as fully delivered
Parking Services: income rebasing	Increased income from street works	Highways	1133	Network & Traffic Management	Income	(160)	0	(160)	0	(160)	0	0	0	0	0	Forecast as fully delivered
Highways Total						(1,251)	0	(1,251)	0	(1,251)	0	0	0	0	0	
Portfolio: Neighbourhood Services																
Income from new fees and charges for businesses	Introduction of new chargeable services for commercial customers in our fleet workshop, and charge developers for waste & recycling containers to be provided for each new build property.	Neighbourhood Services	1101	Neighbourhoods & Environment - Waste & Fleet Services	Income	(89)	0	(17)	0	(17)	72	0	72	0	0	Forecast as fully delivered
Operational & contract efficiencies	Efficiency savings through changes to operational practices of both council and contractor run services.	Neighbourhood Services	1101	Neighbourhoods & Environment - Waste & Fleet Services	Exp	(362)	0	(362)	0	(362)	0	0	0	0	0	Forecast as fully delivered
Weekday Recycling Centre efficiency savings	Retaining 7 day access to waste recycling sites whilst managing opening times of each most efficiently.	Neighbourhood Services	1101	Neighbourhoods & Environment - Waste & Fleet Services	Exp	(60)	0	(10)	0	(10)	50	0	50	0	0	Forecast as fully delivered
Parks Service redesign	Implement transformational change to deliver services in a different way across Parks & Green Spaces.	Neighbourhood Services	1102	Neighbourhoods & Environment - Parks & Bereavement Services	Exp	(40)	0	(40)	0	(40)	0	0	0	0	0	Forecast as fully delivered
Customer experience programme	Conduct a review of customer experience to support customer channel shift and seek to maximise the use of our channels to manage customer contact more efficiently.	Neighbourhood Services	1122	Customer Services (Including Libraries)	Exp	(115)	0	(25)	0	(25)	90	90	0	0	0	The savings target should be partially delivered in year through starting to digitise letter correspondence in key service areas from January. The remainder of the saving will be delivered in 2025/26 with further rollout of digital correspondence.
Neighbourhood Services Total						(666)	0	(454)	0	(454)	212	90	122	0	0	
Cross Portfolio Savings																
Contract savings	Volume cap or reduce our contract spend by 3%.	Multiple Portfolios	N/A	Multiple Cash Limits	Exp	(850)	0	(696)	0	(696)	154	154	0	0	0	It is not possible for all services to meet the 3% contract spend target, particularly when existing contracts have not expired. Therefore some of the savings will be delayed until 2025/26.
Cross Portfolio Total						(850)	0	(696)	0	(696)	154	154	0	0	0	
Council Total						(16,419)	0	(12,657)	0	(12,657)	3,762	994	2,768	0	0	

Bath & North East Somerset Council		
MEETING:	Corporate Policy Development & Scrutiny Panel	
MEETING DATE:	25 March 2025	EXECUTIVE FORWARD PLAN REFERENCE:
TITLE:	Commercial Estate performance update	
WARD:	All	
AN OPEN PUBLIC ITEM / EXEMPT ITEM		
List of attachments to this report: None		

1 THE ISSUE

The Panel has requested an update report on the performance of the Commercial Estate relating to the financial year 2024/25.

2 RECOMMENDATION

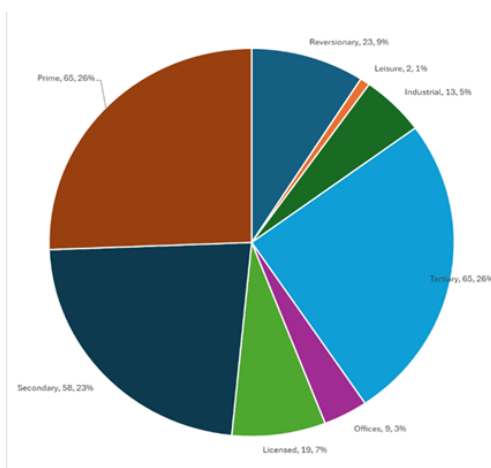
The Panel is asked to note and provide feedback in respect of the contents of this report.

3 THE REPORT

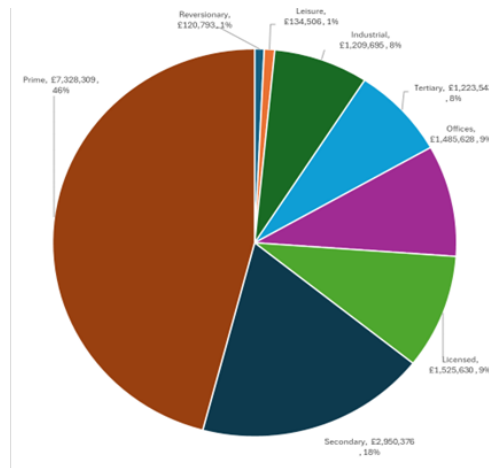
3.1 Composition of the Commercial Estate

The B&NES Commercial Estate comprises 254 investment assets. The Estate is subdivided into the various property types including retail, office, industrial and leisure assets. Retail is the largest of the sectors and is itself subdivided into the further following categories of Prime, Secondary and Tertiary. A breakdown of the estate is illustrated below as at December 2024.

Breakdown of estate by portfolio



Breakdown of estate by rental income



3.2 Performance update

The data presented within this report is taken from the Q3 monitoring of the Commercial Estate as at January 2025 for the financial year 2024/25. Where more recent data is available this has been used, where indicated.

3.2.1 INCOME

The approved revenue budget for 2024/2025 is £16,319,513. The Quarter 3 forecast is provided in Table 1 below together with previous forecasts. The actual income received at the start of January was £15.1 million which increased by £0.6 million in February.

Following the adverse variance to budget in Quarter 2, there is an over achievement of budget (favourable position) of £79k reported for Q3. These figures comprise forecasts of certain transactions, such as rent reviews and lease renewals which are due during this financial year but yet to be settled. Accordingly, these forecast figures may be subject to variation as the finally agreed settlements may differ from the forecast.

Table 1- Commercial Estate Gross Rental Income Budget and Forecast 2024-25

Budget (1081)	Actual to date – 03 Feb 25	Q1 - Initial Forecast	Q2 - Forecast	Q3 - Forecast	Variance -Q3 to Budget
£16,319,513	£15,763,263	£16,319,513	£16,267,401	£16,399,429	£-79,916 (fav)

3.2.2 LETTINGS

From 1st April 2024 to January this year the Commercial Estate recorded 10 new lettings, which will produce an income (gross) of £84,058 for the financial year when rent frees have expired. The lettings relate to six industrial units, and four retail units.

Table 2 – Lettings during 2024-25

Whole	2 Broad Street Place	Pilates	31-May-24
Unit 11	Mill Road Industrial Estate	Scooter Repairs	01-Nov-24
Unit 12	Mill Road Industrial Estate	Upholstery	07-Feb-25
Unit 13	Mill Road Industrial Estate	Motorshop	07-Jan-25
Unit 14	Mill Road Industrial Estate	Bicycle Parts	26-Apr-24
Unit 8	Wansdyke Workshop	MOT Centre	11-Oct-24
Unit 7	Wansdyke Workshop	Carpentry	17-Apr-24
Ground	5 Orange Grove	Clothing	24-Jun-24
Grd & Basement	15 Cheap Street	Food	09-Jan-25
1st floor	24 Westgate St	Leisure	21-Nov-24

The letting terms are understandably commercially sensitive and confidential.

3.2.3 VOIDS

There were 40 void units in January (ie separately lettable units) in the Commercial Estate, 58% are retail (23 No), 28% are offices (11 No), 2% are categorised as licensed (1 No) and the remaining 12% are residential (5 No), (now with Housing).

Tables 3 and 4 below provide a breakdown of voids in terms of unit numbers and rental values by void classification as follows:

- Void Offer – Property is under offer and no longer being marketed.
- Void Legal – Legal Services have been instructed to draft documentation.
- Void Temp – Asset is on the market and available for letting.
- Void Works – Asset is currently awaiting works.

Table 3 - Table illustrating number of units under each void classification heading.

Void Units					Feb 2025
Category	Void – Legal	Void – Offer	Void – Temp	Void – Works	Total
Licensed				1	1
Office	1	2	3	5	11
Retail	2		4	17	23
Residential		3		2	5
Total	3	5	7	25	40

The void units categorised under “Offer” and “Legal” are no longer on the market. It is apparent that the majority of void units are awaiting works and are as a result not currently capable of being let at this time. Marketing will commence once a unit is nearing completion of their respective works. The opportunity cost of this in terms of rental value per annum is illustrated in the following table.

Table 4 - Table illustrating rental values under each void classification heading.

ERV of Units	Period Void				Feb 2025
Category	Void – Legal £ (3No.)	Void – Offer £ (5No.)	Void – Temp £ (7No.)	Void – Works £ (25No.)	Total £ (40No.)
Licensed				30,300	30,300
Office	5,500	24,100	64,150	77,500	171,250
Retail	104,000		120,700	613,275	837,975
Residential		5,000		28,230	33,230
Total	109,500	29,100	184,850	749,305	1,072,755

Out of the total value of ERV reported for the current void assets, (namely £1,072,755) 70% amounting to £749,305 of potential revenue relates to assets requiring works, which have either been instructed and are under maintenance programmes or are awaiting approval for entry onto the capital programme.

3.2.4 INVESTMENT ASSET PERFORMANCE

In terms of commercial property investment, the commercial estate asset value was assessed at 31 March 2024 as £219.4million.

The revenue outturn for 2023/24 stood at £16.1million. As a proportion of the net book value of the commercial estate at 31 March 2024 this produced a yield of 7.3%.

By comparison, the IPD All Property Equivalent Yield for 2025 Quarter 1 was 6.4% which is consistent with the 2024 Quarter 1 prediction of also 6.4%.¹

IPD or the Index Property Databank is a monthly property performance index which tracks retail, office and industrial properties. The index includes data on actual property transactions from institutional investors and property companies. It produces annual and monthly figures for the total property return. The IPD UK index is the standard benchmark for investors to analyse the performance of property in the UK market.

3.2.5 INCOME RECOVERY (ARREARS)

The arrears position in February 2025 (using KPI data produced on 17th February for the Whole Estate is reported in the table set out below. This indicates a risk profile and is tracked from the pre Covid level (March 2020) and from May 2021, baseline date.

The arrears position for the Whole Estate is £1,286,132. The Commercial Estate arrears stand at £932,439. The value for the Corporate Estate is £353,693.

Table 5 - Arrears position in February 2025.

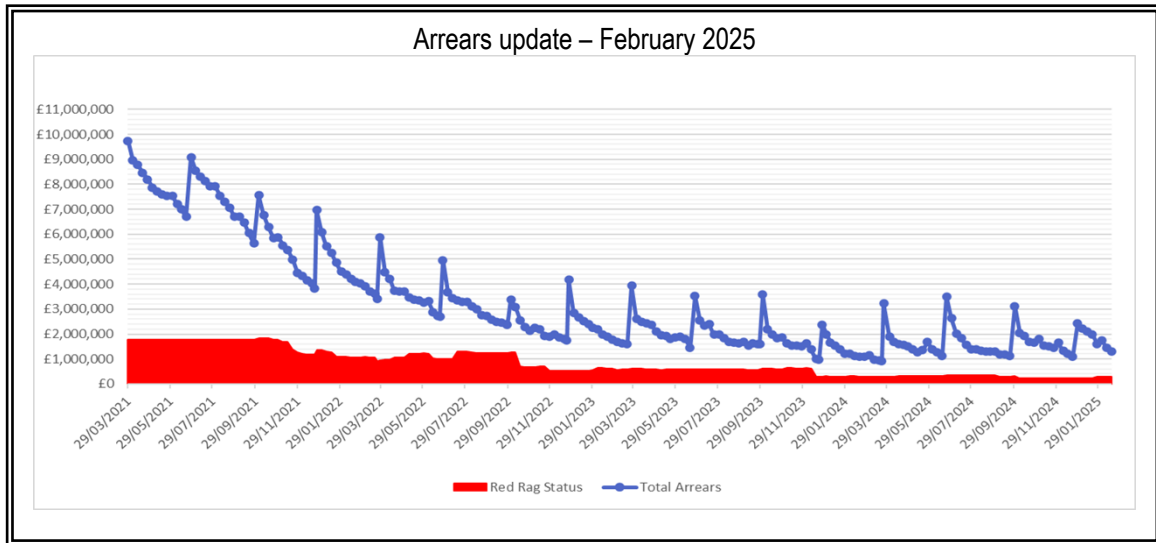
RAG Rating - February 2025	Current	1 Qtrs	2 Qtrs	3 Qtrs	4+ Qtrs	Grand Total
G	£372,363	£63,069	£66,906	£149,258	£79,628	£731,225
A	£26,876	£18,249	£2,229	£11,294	£260,080	£318,729
R		£55	£25	£4,997	£204,067	£209,145
TBC	£19,810	£506	£1,255	£2,079	£3,384	£27,035
Grand Total	£419,049	£124,367	£171,922	£89,288	£547,160	£1,286,132
	Current	1 Qtrs	2 Qtrs	3 Qtrs	4+ Qtrs	Grand Total
May 2021 Baseline	£2,263,099	£1,678,534	£1,181,183	£853,415	£1,695,832	£7,672,063
% Variance	-81.5%	-92.6%	-85.4%	-89.5%	-67.7%	-83.2%
March 2020 (Pre Covid)	£583,022	£225,735	£172,684	£50,134	£740,289	£1,771,864
% Variance	-28.1%	-44.9%	-0.4%	78.1%	-26.1%	-27.4%

Table 5 above shows baseline data which provides useful context for comparison against the more up to date information presented.

The total arrears position as at the 23 December 2024, prior to the charging of the quarterly rents on 25 December 2024 stood at £1,096,207.

¹ Colliers - March 2025.
Printed on recycled paper

Figure 1 – Graph showing Arrears Balances over a period of Years to 15th January 2024



Every current tenant, including residential tenants, that owe more than £100 continues to be contacted, with any new debtor being identified via a weekly report and immediately contacted. Of the 509 tenants in arrears, a total of 296 tenants (i.e. 58%) currently owe less than £100, with an aggregate arrears total of £6,543 (0.51% of the total debt).

Table 6 below shows Whole Estate Arrears by reference to amount and number of tenants.

Arrears Owed by Individual Tenants	Total Amount	Number of Tenants
Less than £100	£6,543	296
£100-£999	£31,167	81
£1,000 - £9,999	£370,785	107
£10,000 - £49,999	£418,815	20
Greater than £50,000	£461,283	5

Figure 2 below illustrates the level of Commercial versus Corporate Estate debt

Fig 2 – Graph illustrating Commercial Estate and Corporate Arrears Breakdown as of 18th February 2025

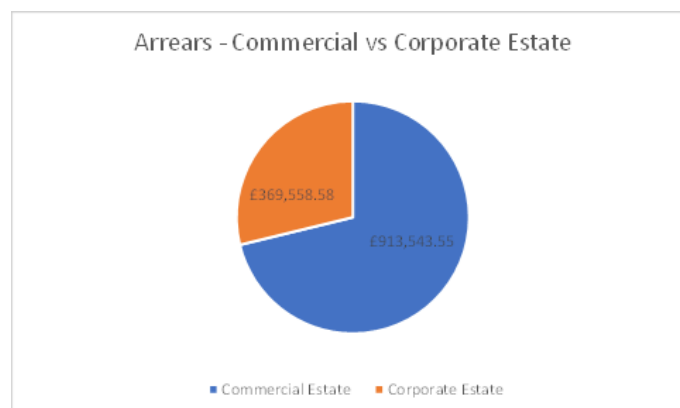
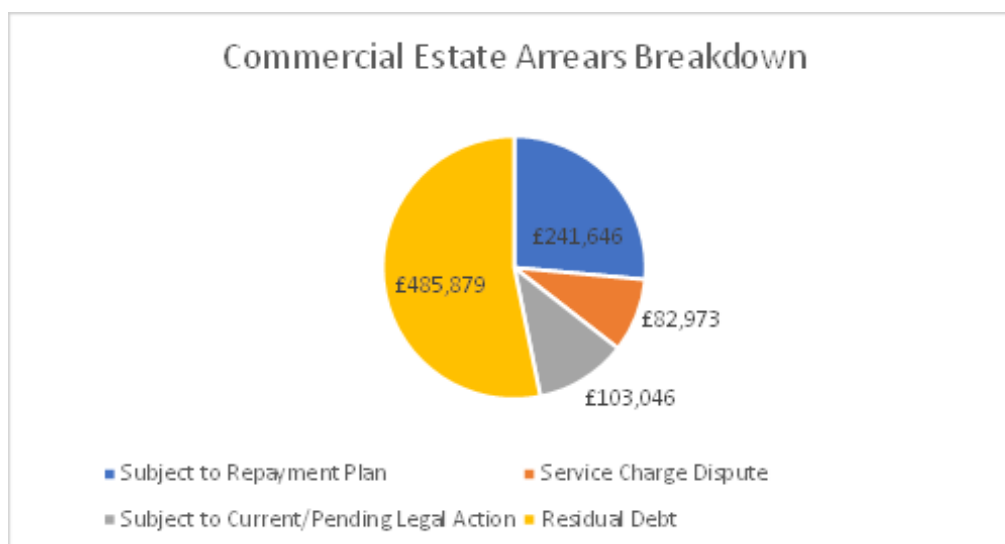


Figure 3 below provides a breakdown of the type of debt for the Commercial portfolio only.

It illustrates that of the £913,544 commercial portfolio debt, £241,646 is subject to repayment plans, and £103,046 is subject to formal current/pending legal action. 569 thousand which is a combination of live and historic debt which the team are actively pursuing. The remaining £568,852 is a combination of live and historic debt which the team are actively pursuing.

Fig 3 - Graph illustrating Commercial Estate Composition of Type of Debt



NB. Residual debt refers to arrears that are subject to the initial standard arrears chasing process (above £100).

3.2.6 CAPITAL EXPENDITURE

The Commercial Estate Refurbishment Programme (CEIF) budget at the start of financial year 24/25 was set at £5.292m. This was increased to £5.597m due to carry forward of budget from 23/24 approved by the July Cabinet.

Table 7 - The Commercial Estate Refurbishment Programme Expenditure

2024/25 Budget £'000	2024/25 Forecast to Year End £'000	2024/25 Purchase Order Commitments £'000	2024/25 Current Expenditure to 27 February £'000	Variance to Budget 24/25 against Forecast £'000
5,597	3,806	1,375	2,357	1,791

This programme of works is under regular review and prioritisation with a focus on key 'High' priority empty properties. Table 8 below shows the 'High' priority property instructions where either high value void Repair & Maintenance or Compliance related works are required.

Table 8 – High Priority Instructions

Property	Status	H&S Priority & Condition	Funding source(s)	Anticipated handover date	RAG STATUS Related to Programme	RAG STATUS Related to Budget 24/25
10 Broad St	On site	D-1	Capital other	01-May-25		
19 New Bond St	On site	D-1	PID2 2021-22	31-Mar-25		
20 New Bond Street	Tender	D-1	PID2 2021-22	31-May-25		
20, 21 Stall St	Instructed	A-4	PID2 2021-22	31-May-25		
1 Gascoyne Place	Scope	D-1	PID2 2021-22	31-Aug-25		
22 Milsom Street Rear (Roof Works)	On site	C-2	Capital other	31-Jul-25		
11 New Bond Street	Scope	C-2	PID2 2021-22	31-May-25		
5 Burton Street & 15 Upper Borough	On site	D-1	PID 3 2022-24	30-Apr-25		
7 Barton Buildings	Scope	D-1	Capital other	15-Aug-25		
31 Milsom Street (internals & externals)	On site	D-1	PID 3 2022-24	30-Dec-25		
7-14 Milsom Street (emergency works)	On site	D-1	PID 3 2022-24	31-Mar-25		
21 Milsom Street - phase 2 externals & PPM	Scope	D-1	PID 3 2022-24	30-Apr-25		
19 Westgate Street - Ground Floor	Scope	D-1	PID2 2022-23	30-Sep-25		
2-3 George Street	On site	D-1	Capital other	31-Jul-25		
6 Milsom Street	Tender	D-1	Capital other	31-Jul-25		
FRA	Instructed	D-1	Capital other	31-Mar-26		
20 Milsom St	On site	C-2	PID2 2023-24	31-Mar-25		
15/16 Broad St NEW for 2024	On site	D1	Contingency	31-Mar-25		
13-14 Westgate Buildings (NEW for 2024)	Instructed	D-1	Contingency	31-Mar-25		

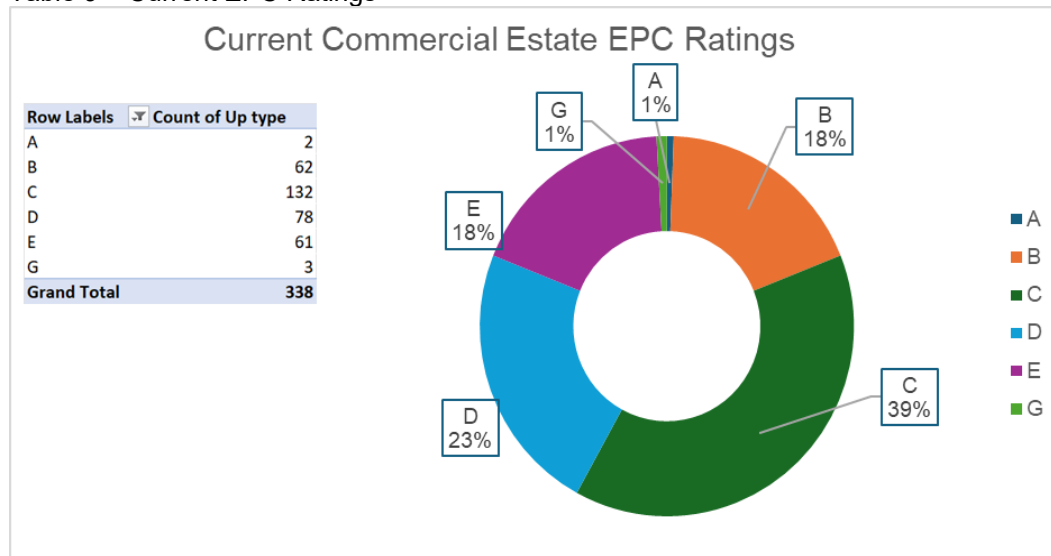
*	Status Related to Programme
	Programme has high level risks that may delay handover date
	Programme has low level risks that may delay handover date
	Programme is on target to complete by handover date
**	Status Related to Budget
	Programme has high level risks that may impact on allocated budget
	Programme has low level risks that may impact on allocated budget
	Programme is below or on target with allocated budget
	Rolling programme

3.2.7 Climate & Environmental Emergency Performance

Under the current MEES regulations a minimum EPC rating of E is required for the continuation of any existing or new lease or tenancy of a property. As can be seen from Table 9, 99% of the Commercial Estate is currently MEES compliant.

Table 9 below shows the status of the Commercial Estate in terms of Energy Performance Certification.

Table 9 – Current EPC Ratings



Going forward, the government has proposed raising the MEES for commercial properties in 2028 to a minimum of EPC rating of C.

As can be seen from Table 9 the Commercial Estate A-C energy ratings make up 58% of the portfolio. This is above the national average which is currently D. Whilst this good progress, the focus remains on the 142 units which are below C rating. Out of these units, 22 are currently within programmes to upgrade their energy efficiency.

All future Void Refurbishment or Planned Maintenance programmes will prioritise and upgrade low performing units, as part of the Commercial Estate's contribution towards the climate emergency. Any remaining assets below an EPC rating of level C will be targeted for appropriate remedial works in the lead up to 2028.

4 STATUTORY CONSIDERATIONS

The Commercial Estate is held under the powers of s120 of the Local Government Act 1972. All decisions in respect of the commercial assets are taken in accordance with the provisions of this Act.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

None as a direct result of this report.

6 RISK MANAGEMENT

A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.

7 EQUALITIES

No adverse impacts in relation to an EIA have been identified as a direct result of this report.

8 CLIMATE CHANGE

No adverse impacts in relation to an EIA have been identified as a direct result of this report.

9 OTHER OPTIONS CONSIDERED

None

10 CONSULTATION

The s151 and Monitoring Officer have both been consulted and provided their approval to this report.

Contact person	Richard Long, Head of Commercial Estate
Background papers	<i>None</i>
Please contact the report author if you need to access this report in an alternative format	

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Bath & North East Somerset Council

Improving People's Lives

Corporate PDS Panel
25 March 2025

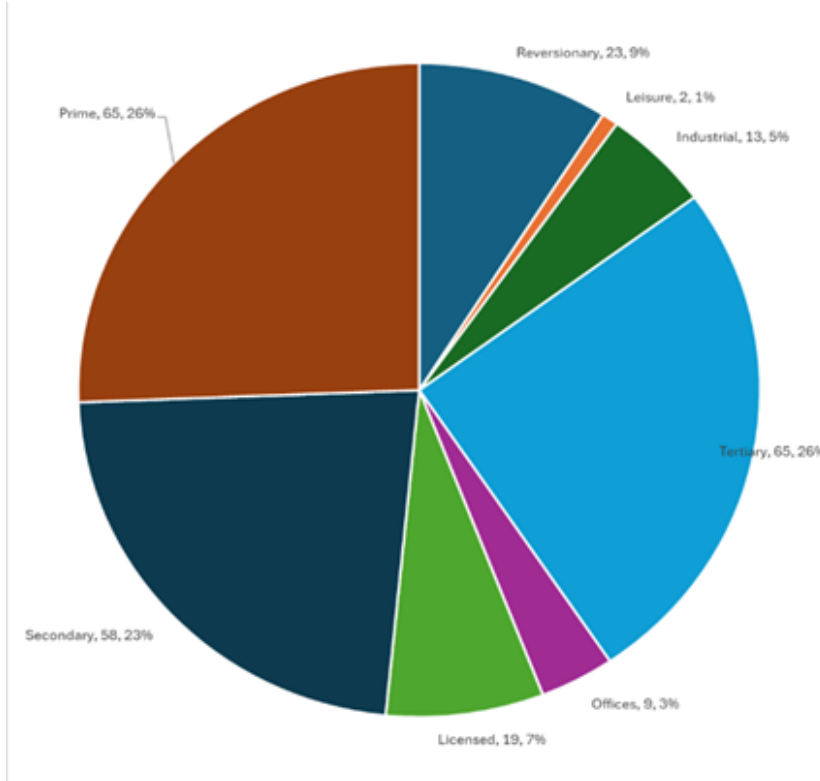
Commercial Estate Update

The Commercial Estate

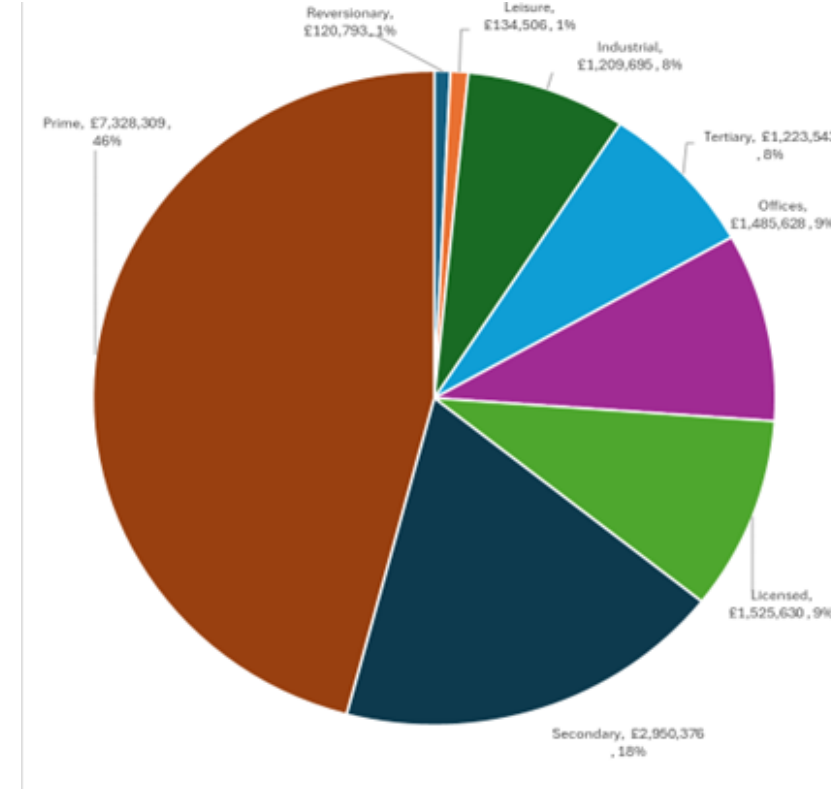
Principal Objective: To generate resilient net income

Composition of the Commercial Estate in December 2024

Breakdown of estate by portfolio



Breakdown of estate by rental income



The Commercial Estate rental income and lettings

Income

Table 1- Commercial Estate Gross Rental Income Budget and Forecast 2024-25

Budget (1081)	Actual to date – 03 Feb 25	Q1 - Initial Forecast	Q2 - Forecast	Q3 - Forecast	Variance -Q3 to Budget
£16,319,513	£15,763,263	£16,319,513	£16,267,401	£16,399,429	£-79,916 (fav)

Lettings

From 1st April 2024 to January this year the Commercial Estate recorded 10 new lettings, which will produce an income (gross) of £84,058 for the financial year rising to £97,920 when rent frees have expired

Investment

Asset value was assessed at 31 March 2024 as £219.4million

The revenue outturn for 2023/24 was £16.1million. As a proportion of book value this produced a yield of 7.3%.

By comparison, the IPD All Property Equivalent Yield forecast for 2025 Quarter 1 is 6.4% which is consistent with the predicted outturn for Q1 2024.

Colliers - March 2025.

Commercial Estate Voids

Voids

Table illustrating number of units under each void classification heading

Void Units						Feb 2025
Category	Void – Legal	Void – Offer	Void – Temp	Void – Works		Total
Licensed				1		1
Office	1	2	3	5		11
Retail	2		4	17		23
Residential		3		2		5
Total	3	5	7	25		40



Table illustrating rental values under each void classification heading.

ERV of Units	Period Void				Feb 2025
Category	Void – Legal £ (3No.)	Void – Offer £ (5No.)	Void – Temp £ (7No.)	Void – Works £ (25No.)	Total £ (40No.)
Licensed				30,300	30,300
Office	5,500	24,100	64,150	77,500	171,250
Retail	104,000		120,700	613,275	837,975
Residential		5,000		28,230	33,230
Total	109,500	29,100	184,850	749,305	1,072,755



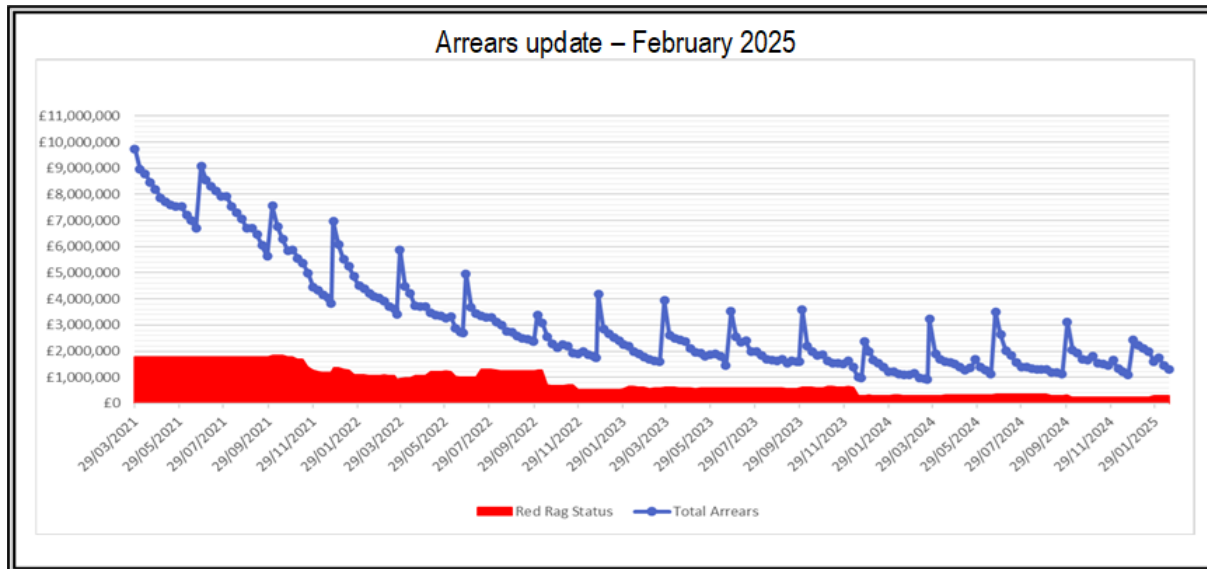
The Commercial Estate rent arrears

Arrears position in February 2025

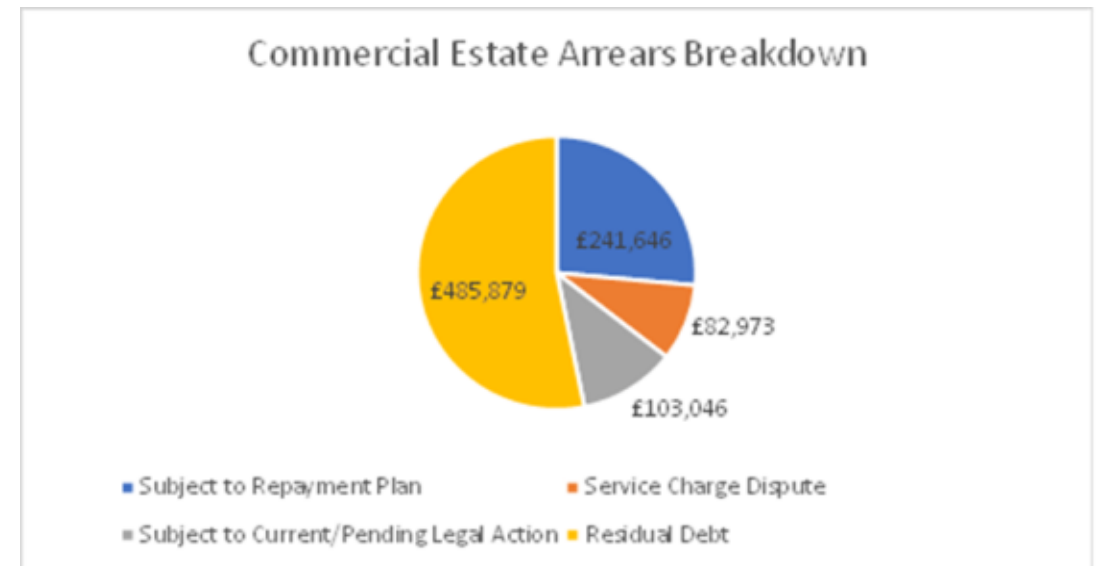
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	Current	1 Qtrs	2 Qtrs	3 Qtrs	4+ Qtrs	Grand Total
May 2021 Baseline	£2,263,099	£1,678,534	£1,181,183	£853,415	£1,695,832	£7,672,063
% Variance	-81.5%	-92.6%	-85.4%	-89.5%	-67.7%	-83.2%
March 2020 (Pre Covid)	£583,022	£225,735	£172,684	£50,134	£740,289	£1,771,864
% Variance	-28.1%	-44.9%	-0.4%	78.1%	-26.1%	-27.4%

Rent arrears 2021 - 2025

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Breakdown of commercial debt 2025



The Commercial Estate Capital Works Programme

The Commercial Estate Refurbishment Programme Expenditure

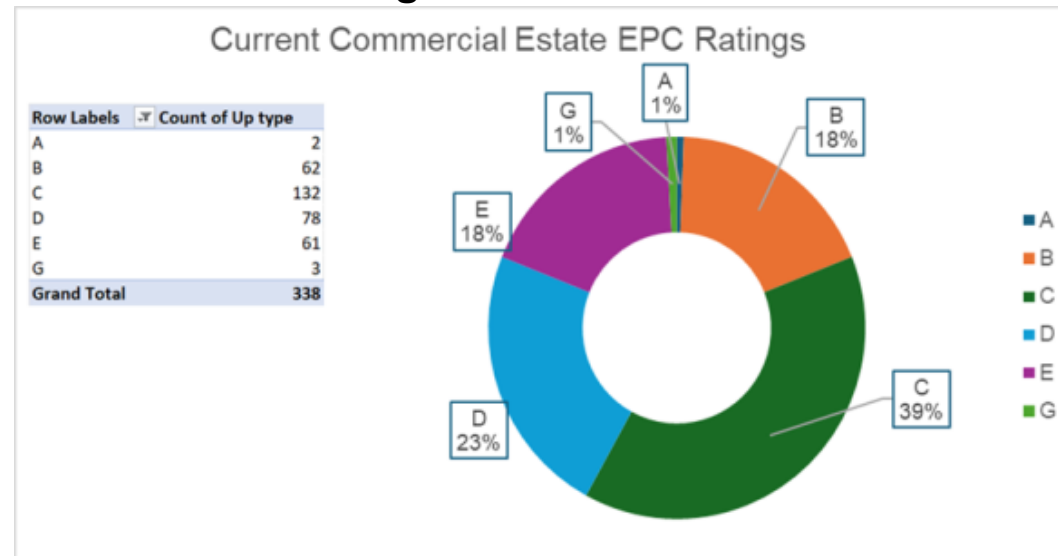
2024/25 Budget £'000	2024/25 Forecast to Year End £'000	2024/25 Purchase Order Commitments £'000	2024/25 Current Expenditure to 27 February £'000	Variance to Budget 24/25 against Forecast £'000
5,597	3,806	1,375	2,357	1,791



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Climate & Environmental Emergency Performance

Current EPC Ratings



Bath & North East Somerset Council		
MEETING	Corporate Policy Development & Scrutiny Panel	
MEETING DATE	25 March 2025	EXECUTIVE FORWARD PLAN REFERENCE:
TITLE:	Corporate Estate update	
WARD:	All	
AN OPEN PUBLIC ITEM		
<p>List of attachments to this report: None</p> <p>Please list all the appendices here, clearly indicating any which are exempt and the reasons for exemption</p>		

1 THE ISSUE

The Corporate PDS members requested in November 2024 that an update is scheduled for Spring 2025 to cover:

- a) Corporate Landlord Smarter Structure update and the progress on implementing the 'to be' design.
- b) Corporate Estate performance in terms of utilities operating costs and initiatives that have been taken forward to decarbonise the Corporate Estate.

2 RECOMMENDATION

The Panel is asked to note and provide feedback in respect of the contents of this report.

3 THE REPORT

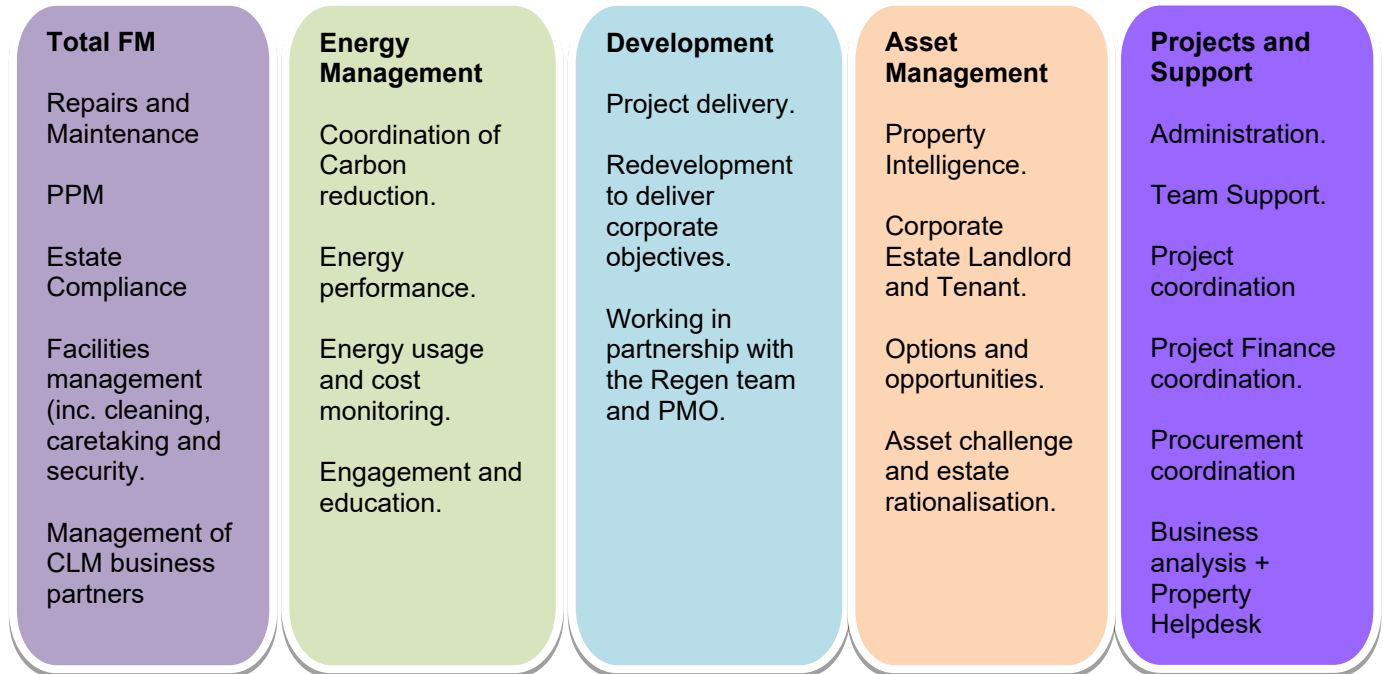
Smarter Structure update

Following the briefing to the PDS Chair and Vice Chair in January 2024, The Corporate Estate service has been redesigned to support delivery of the Council's Corporate Landlord whilst integrating the wider organisational principles of the Being Our Best (BoB) programme.

The functional pillars of the smarter structure are set out below, incorporating existing teams into 5 pillars. The pillars represent functional activity across 4 areas from Total FM to Asset Management, assisted by a Projects and Support

function. The Development function incorporates the Enterprise Zone programme into the Corporate Estate service.

The smarter structure has been costed and budget provision made for initial recruitment to be commenced on approval from the BoB Programme Board. Approval is anticipated in April 2025.



Recruitment will begin from April to support an incremental implementation of the Corporate Landlord to align with system and process delivery during 2025.

Utilities

The Council entered into a West Mercia Energy (WME) contract in October 2023 for all corporate electricity and gas. WME is established as a Local Purchasing Organisation jointly owned by four local authorities: Shropshire Council, Telford & Wrekin Council, Herefordshire Council and Worcestershire Council. WME reports to a Joint Committee with representation from the four owning authorities.

Since some early issues with the electricity supplier (Npower) at the beginning of the contract, there have been no major challenges and WME have performed well. There is a modest increase in some of the contract administration, but it should be stressed the increase is only very slight in relative terms.

For reporting purposes the SystemsLink database is used, providing legacy data for electricity, gas and water back to at least 2006; collecting half hourly consumption data typically on a day+1 basis for a number of years. This enables the team to report to a high degree of granularity.

In recent years there has been volatility in the market however the Council secured a strong financial position with WME, partly because the market had dropped after the energy crisis. It is worthy of note that whilst the Council had an extremely good run with SSE from 2008/9, in the last 18 -24 months their offer had become very limited to the point where the contract arrangements the Council

previously benefitted from are no longer available. In that respect the move to WME was made at the right time.

Decarbonisation

Background

To be a Net Zero Council by 2030 means achieving 90% real reduction of carbon dioxide emissions with a maximum of 10% offset. To meet this, the Council needs to electrify its fleet; remove gas as a heating fuel from the Corporate Estate, optimise buildings and energy use to reduce consumption; and generate its own renewable energy where possible.

The Council's Scope 1 & 2 emissions relate to emissions from buildings where the Council pays the fuel bills (referred to in this paper as the "Corporate Estate" or "CE"). The Council's Commercial Estate and housing are not in scope for the CE programme. Separate work to decarbonise these service areas is ongoing.

£4 million of Corporate Supported Borrowing has been allocated over the next 4 years to facilitate decarbonisation of the Corporate Estate buildings, to support the Council's target to be Net Zero in its own operations (scope 1 and 2) by 2030.

Progress to date

The Renewable Energy Development Fund Programme was set up in 2021 and provides an allocation of £500k per annum Service Supported Borrowing (SSB) for renewables and energy saving and is overseen by the Renewable Energy Programme Manager.

To date there has been no equivalent fund to support the transition away from gas heating, however a number of building decarbonisation projects have been undertaken ad-hoc by the Energy Transformation Team, by securing external funding via the Salix Public Sector Decarbonisation Fund (3 x residential care homes) and by other teams for council funded capital projects including the Roman Baths Energy Capture and solar panels at Keynsham Recycling Centre.

Additionally, a £25k grant from the South West Net Zero Hub enabled the Council to employ a technical expert for 12 months to assess decarbonisation potential across the CE; develop Heat Decarbonisation Plans; commission technical work relating to a potential hydro scheme; input into tender briefs; and support two further successful Salix PSDF bids for Keynsham Civic Centre and Carrswood Day Centre.

The positive announcement of £4m to support Corporate Estate Decarbonisation enables the Council to create a CE Decarbonisation Programme.

Proposed work packages within the CE Decarbonisation Programme

1. Data

Data management and active building management using the existing BMS are not yet utilised in a way that can maximise carbon and cost savings across the estate. There are software options available that interrogate data generated by the BMS to create actionable insights – in effect bringing active building management into one central portal where automatic commands can be set up and data visualisations provided. This could greatly improve energy

management, efficiency of the buildings and reduce carbon dioxide emissions. It is proposed to accelerate this activity in Year 1.

2. *Building decarbonisation pipeline*

A corporate renewables and corporate building decarbonisation pipeline programme is being developed, that prioritises delivery according to funding application suitability; carbon dioxide emissions ranking; and suitability (for solar PV). Initial analysis indicates the pipeline programme could deliver heat pumps across the Corporate Estate, and up to circa 2.0MW of renewable energy, subject to further survey and feasibility work. The pipeline delivery will be funded through a combination of mechanisms.

3. *Pulteney Gate Hydro*

A pre-feasibility study has been completed for a hydropower project to replace the radial gate at Pulteney Weir. Subject to a full feasibility assessment the project may be able to provide power to the Guildhall, Pump Room and Bath Sports Centre, to significantly reduce the cost of running heat pumps in these energy intensive buildings.

4. *Tariffs*

As export capacity is increased there are opportunities to negotiate new tariffs that consider the assets of the estate collectively to enable reduced costs and incentivise greater generation capacity. This will become more important as we electrify heating and shift to greater overnight electricity use for electric vehicle charging.

4 STATUTORY CONSIDERATIONS

The Corporate Estate is held under the powers of the Local Government Act 1972. All decisions in respect of the corporate assets are taken in accordance with the provisions of this Act.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

None based on this update report. Individual projects and programmes reported are captured through the Councils 2025/26 budget.

6 RISK MANAGEMENT

A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

7 EQUALITIES

No adverse impacts in relation to an EIA have been identified as a direct result of this update report. EIAs will be undertaken where required for projects or programmes of activity.

8 CLIMATE CHANGE

The decarbonisation of Corporate Estate assets where reported will directly benefit the Councils journey to Net Zero by 2030.

9 OTHER OPTIONS CONSIDERED

None for this update report.

10 CONSULTATION

None for this update report. Separate consultations have taken place for each element of the report.

Contact person	Richard Holden, Head of Corporate Estate & Development
Background papers	
Please contact the report author if you need to access this report in an alternative format	

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CORPORATE POLICY DEVELOPMENT AND SCRUTINY PANEL

This Forward Plan lists all the items coming to the Panel over the next few months.

Inevitably, some of the published information may change; Government guidance recognises that the plan is a best assessment, at the time of publication, of anticipated decision making. The online Forward Plan is updated regularly and can be seen on the Council's website at:

Page
of

<http://democracy.bathnes.gov.uk/mgPlansHome.aspx?bcr=1>

The Forward Plan demonstrates the Council's commitment to openness and participation in decision making. It assists the Panel in planning their input to policy formulation and development, and in reviewing the work of the Cabinet.

Should you wish to make representations, please contact the report author or, Democratic Services (). A formal agenda will be issued 5 clear working days before the meeting.

Agenda papers can be inspected on the Council's website.

Ref Date	Decision Maker/s	Title	Report Author Contact	Director Lead
25TH MARCH 2025				
25 Mar 2025	Corporate Policy Development and Scrutiny Panel	Aequus Performance Update	Simon Martin Tel: 01225 477407	Executive Director - Resources (S151)
25 Mar 2025	Corporate Policy Development and Scrutiny Panel	Corporate Estate Update	Richard Holden Tel: 01225 47 7655	Executive Director - Sustainable Communities
25 Mar 2025 Page 82	Corporate Policy Development and Scrutiny Panel	Commercial Estate Update	Richard Long Tel: 01225 477075	Executive Director - Sustainable Communities
25 Mar 2025	Corporate Policy Development and Scrutiny Panel	Quarter 3 Budget Monitoring Update	Gary Adams Tel: 01225 477107	Executive Director - Resources (S151)
13TH MAY 2025				

Ref Date	Decision Maker/s	Title	Report Author Contact	Director Lead
8 May 2025	Cabinet	Corporate Performance Report 2024-2025 Quarter 4 and Annual Review	Ceri Williams Tel: 01225 396053	Chief Executive Executive Director - Resources (S151)
13 May 2025	Corporate Policy Development and Scrutiny Panel			
E3598				
8TH JULY 2025				
16TH SEPTEMBER 2025				
11TH NOVEMBER 2025				
The Forward Plan is administered by DEMOCRATIC SERVICES: Democratic_Services@bathnes.gov.uk				

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