

### REVENUE BUDGET MONITORING APRIL 2012 TO SEPTEMBER 2012

- 1.1 Appendix 2 outlines the Council's current financial position for the 2012/13 financial year to the end of September 2012 by Cabinet Portfolio. The Appendix shows the current forecast outturn position is an overspend of £531,000, or 0.13% of the gross expenditure budget (excluding Schools).
- 1.2 Within the current £531,000 forecast overspend figure, there are areas of over and under spending which are detailed below along with planned management actions being taken to reduce any overspends.
- 1.3 As previously reported to September Cabinet, the Chief Executive and Strategic Directors have put into place potential mitigations to offset the projected overspend, by drawing down from appropriate reserves. A sum of up to £600,000 in mitigations is held subject to on-going monitoring of the outturn position and the appropriate approval and reporting process.
- 1.4 **Leader's Portfolio – forecast £58,000 overspend**

The forecast overspend on this portfolio is mainly due to a £62,000 overspend in Legal & Democratic Services as a result of the provision of Registration Services casual staff and lower than anticipated savings from IT recharges. There is also a pressure relating to Corporate Legal Costs that are not recharged out to Services.

- 1.5 **Community Resources Portfolio – forecast £1,493,000 underspend**

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

**Support Services:** £5,000 overspend, mainly due to Commercial Estate income being forecast £65,000 above budget following acquisition of an additional asset, which has offset a £64,000 overspend in Corporate Estate caused by the running costs taken on for Victoria Hall, a shortfall of income in Traded Services of £43,000, and a delay to the achievement of the savings target in Finance. There is also an £80,000 underspend identified in Customer Services following the removal of the requirement to contribute this amount as a revenue contribution to the Customer Services Workstream review.

**Corporate costs:** £1,498,000 forecast underspend, mainly from a £1,000,000 underspend in debt financing costs due to the phasing of the Capital Programme and borrowing to finance this, £170,000 additional income from the licence fee received as a result of the slippage in the completion of Southgate, and £240,000 underspend in allowance purchases in the Carbon Reduction Commitment Scheme, due to reduced CO2 emissions and technical changes to the scheme. There are also savings in the cost of external auditors as a result of Government's rationalisation of the external audit regime.

## **1.6 Wellbeing Portfolio – forecast £1,000 underspend**

Spending pressures of £163,000 for the purchase of care for older people, £241,000 for the purchase of mental health care, £51,000 in Learning Difficulties packages and a £65,000 forecast income shortfall in Fairer Contributions Income from personal contributions have been offset within the Portfolio by Section 256 funding received in 2012/13 and carried forward funding from 2011/12 for growth in purchasing budgets.

## **1.7 Early Years, Children & Youth Portfolio – forecast on budget**

There is an overspend of £367,000 in Children's Social Care, as a result of £150,000 additional staffing costs following Social Care Improvements Inspection, and £170,000 in Care Placement Costs. This overspend will be mitigated by various underspends across the Children's Services Portfolio, which includes staff vacancies in the Children's Leadership Team and additional income from the Nursery Voucher Scheme.

## **1.8 Homes & Planning Portfolio – forecast £325,000 overspend**

This forecast overspend is due entirely to the £400,000 increased Planning Fee income target in Planning Services not being met, as a result of the legislation enabling increased planning fee charges in line with costs not now happening. Since this target raises to £800,000 in 2013/14 onwards, this creates a significant base budget issue in current and future years. Planning Services have forecast to achieve £25,000 of the targeted additional income in 2012/13 due to a 15% increase in fees, a further £25,000 due to a number of large applications, and forecast a saving of £25,000 in overhead costs.

## **1.9 Sustainable Development Portfolio – forecast £52,000 underspend**

Within the forecast for this Portfolio, there is a £55,000 forecast overspend in Arts and Tourism & Destination Management, due to commitments to projects. This is mitigated by an underspend in Development & Major Projects of £107,000 due to reduced expenditure on external projects and conferences.

## **1.10 Neighbourhoods Portfolio – forecast £34,000 overspend**

There is a £46,000 forecast overspend in Place Directorate Overheads, due to a drop on the level of recharges being capitalised for the West of England Partnership. There is also a small overspend forecast in Sports & Active Leisure, as a result of failure to agree a profit share arrangement with Wellsway School.

These are partially offset by a small underspend in the Library Service of £20,000 due to service charge savings in Bath Central Library.

### 1.11 Transport Portfolio – forecast £1,660,000 overspend

This overspend is almost entirely in Parking Services, as reported in detail to September Cabinet in the April to July Budget Monitoring Report.

The service has developed an extensive action plan targeted at improving the performance of the service by investing in new systems which will improve management information and customer experience and options. Expenditure is being closely monitored and contracts for supplies revised to reduce costs. Where underlying income is falling in car parks, options which might improve utilisation and income are being considered and action has been taken to reduce the impacts of streetworks on the effectiveness of bus gate enforcement.

The effectiveness of these and other mitigating actions are monitored by a Board which includes the Cabinet Member, the Strategic and Divisional Directors responsible for the service, service managers and Finance Officers.

it is intended that the proposed budget for 2013/14 will seek to adjust targets to more realistic expectation of the service's trading position, and that included in the forthcoming Medium Term Strategic Resource Plan will be proposals to increase income through adjusting tariffs.

1.12 The Council has requested that the delivery of the key savings for the 2012/13 budget, including potential impacts, should be included as part of the regular budget monitoring. The following table provides a narrative on key savings:

Description of Saving	Target Saving Amount £'000	Amount Achieved to date £'000	Comments on saving including any service impacts or service user impacts
<b>Wellbeing</b>			
<u>Reduction in unit cost / no. of residential care placements and packages for adults with learning difficulties</u> This is the third and final year of a 3-year programme across all care groups to deliver efficiency savings from adult social care purchasing budgets through combination of: a) achieving below inflation provider fee 'uplifts'; b) negotiating efficiency savings with providers; c) targeted re-procurements; d) ensuring tight application of Placement /Packages Policy & Procedure & e) increasing lower cost alternatives.	£825	£700	On track to meet savings target, a number of high-cost packages have been re-negotiated at revised rates. Lower than inflation fee uplifts have also been negotiated with some providers. Savings have also been made from transferring responsibility for out-of-area placements to the appropriate LA/PCT.

Description of Saving	Target Saving Amount £'000	Amount Achieved to date £'000	Comments on saving including any service impacts or service user impacts
<p><u>Reduction in unit cost &amp; number of residential/nursing care placements.</u> This is the third and final year of a 3-year programme across all care groups to deliver efficiency savings from adult social care purchasing budgets through a combination of: a) achieving below inflation provider fee 'uplifts'; b) negotiating efficiency savings with providers; c) targeted re-procurements; d) ensuring the tight application of the Placement &amp; Packages Policy &amp; Procedure and e) increasing (lower cost) alternatives to high cost placement/packages.</p>	£808	£800	<p>Negotiations with providers have resulted in "freezing" rates. However, this has been offset by the impacts of demographic growth and an increasing complexity/acuity of need for these service user groups, which is reflected in the overall cost of meeting that need (more complex/acute need tends to require higher/ more skilled staffing, which is reflected in the overall unit cost). Planned mitigation is to apply available Section 256 funding to these budgets. This is in line with Department of Health guidance, which confirms use of s256 funding not only for reablement, prevention of hospital admission and facilitation of hospital discharge but also "<i>maintaining [social care] eligibility criteria... and mental health</i>" (NHS South of England, 13/01/12)</p>
<p><u>Personal Budgets including Direct payments – Older People &amp; Physically Disabled</u> Elements of the 3-year programme to deliver efficiency savings from adult social care purchasing apply to expenditure on PBs, incl. negotiation of below inflation provider fee 'uplifts' and ensuring the tight application of the Placement &amp; Packages Policy &amp; Procedure. Another related workstream in respect of PBs is the implementation of the national Resource Allocation Scheme which is currently being consulted on. As well as ensuring equity, this will enable tighter control of expenditure.</p>	£205	£205	<p>As with other older people/ mental health purchasing budgets, the PB budget has been subject to pressure from a combination of demographic growth and increase complexity/acuity of need. Planned mitigation is to apply available Section 256 funding to these budgets. This is in line with Department of Health guidance, which confirms use of s256 funding not only for reablement, prevention of hospital admission and facilitation of hospital discharge but also "<i>maintaining [social care] eligibility criteria... and mental health</i>" (NHS South of England, 13/01/12)</p>

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<b><u>Community Resources</u></b>			
<u>ICT contract savings</u>	350	350	Mouchel have identified a series of service options to achieve these savings. Their robustness & achievability have been reviewed and they are currently on target to be achieved.
<u>Commercial Estate – increased net income stream</u>	300	300	The additional income stream generated by Jolly's is sustainable and built into 2012-13. Achievability is not an issue. The additional net income stream achieved by acquisition of 47 Milsom Street will benefit the service.
<b><u>Homes &amp; Planning</u></b>			
<u>Planning Development Management</u> - Adoption of local charging for applications to more fully cover costs if the legislation is passed by Parliament in time. (Maybe deferred until Oct 2012) Level of achievable savings depends upon legislation.	400	25	Legislation to charge at cost recovery level will not now happen.  This has been replaced by an increase to the charge, but not to the same level, this will start in January 2013. This will raise approximately an extra £120k pa, so part year effect is £30k. However we anticipate that some applicants will try to beat that deadline with early submissions, so prudently reduced to £25k.

### **CAPITAL BUDGET MONITORING – APRIL 2012 TO SEPTEMBER 2012**

1.13 The 2012/13 Capital Programme approved by Council in February 2012 was £34.89m (excluding contingency). Since then, £15.39m of spend on existing capital projects has been approved, along with re-phasing of £9.61m as recommended in the 2011/12 Outturn Report on 11<sup>th</sup> July 2012.

1.14 The approved Capital Programme for 2012/13 is currently £59.89m (excluding contingency), and is detailed in Appendix 5(ii). Changes to the Capital Programme since September Cabinet are shown in Appendix 5(i).

## 1.15 Progressing Capital Projects Update

- **Keynsham Regeneration** – The planning application for Keynsham new build is being reconsidered at the Development Control Committee on the 24<sup>th</sup> October. The revised application reflects a number of design changes supported by the Keynsham Town Council.
- **Bath Transport Package** – Following approval of the Council's bid by the Department of Transport in July, work has now commenced on Lansdown and Odd Down Park & Ride site extensions and the bus stop infrastructure and on-street works programmes.
- **Guildhall Co working Hub** – In line with the Cabinet paper recommendation, the concept design sign off gateway has been achieved. Detailed design work is due to be completed by 19th October. The tender period for the works will be 4 weeks with a deadline of 23rd November. The 10 week construction phase is due to begin on 5th December and the completed building will be handed over to the Community Interest Company at the end of February.
- **Victoria Bridge** – Following the completion of the emergency works to stabilise the structure and open it for pedestrians and cyclists the design team for the permanent works have now been appointed. All works are progressing to programme and budget.
- **London Road Regeneration** - Designers for the public realm and landscaping improvements are working with the Working Group and have developed a number of options that are now being priced prior to the final selection. The project team are working closely with the Working Group to establish a Property Improvement Grant scheme to enable regeneration of the area.
- **St Gregory's and St Mark's Joint 6th Form Centre** - The project was granted consent at the September Development Control Committee. Contractors have been appointed and have commenced enabling works. All works are progressing to budget and programme. The planned completion date is August 2013.
- **Wellsway Sports Hall** – The project to provide a new 6 court sports hall and associated facilities was completed in October, as programmed. The school are now in possession of the building and preparing it for use after the October half term as planned.
- **Ralph Allen Applied Learning Centre** - The project is for a new Applied Learning facility plus enhanced sports facilities with the provision of an all-weather sports pitch. The scheme has been granted planning consent and contractors appointed. Works commenced on site in September. All work is progressing to programme and budget.

## **CAPITAL CONTINGENCY**

1.16 The following applications of capital contingency funding have been agreed:

- System Upgrades - £210k for essential upgrades to electronic payments and revenues and benefits systems.
- Norton Radstock – up to £375k to cover increased costs as a result of revised plans in relation to the new road scheme.
- Victoria Hall – funding requirement to be confirmed subject to specific report to this Cabinet meeting.
- Paulton Library - £50k to cover additional costs arising once full survey of requirements completed.

1.17 Capital contingency provision will be reviewed as part of the 2013/14 Budget.