

## REVENUE BUDGET MONITORING APRIL 2012 TO DECEMBER 2012

- 1.1 Appendix 2 outlines the Council's current financial position for the 2012/13 financial year to the end of December 2012 by Cabinet Portfolio. The Appendix shows the current forecast outturn position is an overspend of £213,000, or 0.05% of the gross expenditure budget (excluding Schools).
- 1.2 Within the current £213,000 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 November 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 has been identified for potential mitigations should the outturn position require.

### 1.4 **Leader's Portfolio – forecast £14,000 overspend**

The forecast overspend on this portfolio is mainly in Legal & Democratic Services, where higher external legal fees and under recovery of internal legal recharges are partially offset by savings in Democratic Services and Scrutiny from salary savings. There is also a small underspend in Improvement & Performance.

### 1.5 **Community Resources Portfolio – forecast £1,637,000 underspend**

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

**Support Services:** £9,000 overspend. There are a number of overspends and underspends in this area, with Commercial Estate income being forecast £98,000 above budget following acquisition of an additional asset, which has offset a £61,000 overspend in Corporate Estate caused by the running costs taken on for Victoria Hall and a shortfall of income in Traded Services of £20,000. The delay to the restructure in Finance has caused a £58,000 under-achievement of the savings target. There is also £23,000 underspend identified in Risk & Assurance mainly due to vacant posts.

**Corporate costs:** £1,646,000 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, £233,000 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 on target**

Spending pressures of £296,000 in Learning Difficulties packages have been offset within the Portfolio by £59,000 higher than budgeted Fairer Contributions Income from personal contributions 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 £234,000 overspend**

There is an overspend of £621,000 in Children's Social Care, mainly as a result of additional staffing costs following Social Care Improvements Inspection, £83,000 in the Specialist Placement Baby & Parent Unit due to increased use in the current year, and £440,000 in Care Placement Costs due to increased costs & complexity of placements. 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 £317,000 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 £138,000 underspend**

This is mainly attributable to underspend in Development & Major Projects of £54,000 due to reduced expenditure on external projects, and a £94,000 underspend in Major Projects due to increased recharges to projects and vacancy savings.

## **1.10 Neighbourhoods Portfolio – forecast £60,000 underspend**

There is a £57,000 forecast overspend in Place Directorate Overheads, mainly due to a drop on the level of recharges being capitalised for the West of England Partnership. There is also income shortfalls in Neighbourhood Services, notably in Pest Control & Bereavement Services.

These are offset by underspends of £55,000 in Waste due to a number of variances over the service, £47,000 in Public Protection mainly due to additional licensing income, and net savings of £47,000 in the Library Service due to service charge savings in Bath Central Library.

### 1.11 Transport Portfolio – forecast £1,483,000 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 improve 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.

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><u>Wellbeing</u></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 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 & Packages Policy & Procedure and e) increasing (lower cost) alternatives to high cost placement/packages.	£825	£825	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	£808	<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. A more general risk relates to general lettings and void performance within the estate
<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	33	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, which started 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 DECEMBER 2012**

1.13 The 2012/13 Capital Programme approved by Council in February 2012 was £34.89m (excluding contingency). Since then, £17.69m 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 £62.19m (excluding contingency), and is detailed in Appendix 5(ii). Changes to the Capital Programme since November Cabinet are shown in Appendix 5(i).

## 1.15 Progressing Capital Projects Update

- **Keynsham Regeneration** – Planning permission has now been granted and demolition works have commenced. The project is on programme and on budget and is due for completion by the autumn of 2014.
- **Bath Transport Package** – The scheme is now underway and contracts have been let with work started on several elements of the project. The High Street project is progressing, although there will be a short delay that will require some re-phasing of the budget in 2013/14. Planning issues arising in respect of Newbridge Park and Ride are currently being resolved although there is no anticipated impact on overall funding.
- **Guildhall Co working Hub** – Works to refurbish the Guildhall co-working hub are underway. The £214,000 refurbishment contract has been let and work is due to finish on site in late March 2013.
- **Victoria Bridge** –The temporary bridge will remain open for pedestrians and cyclists until Autumn 2013 when the full repair and structural refurbishment will commence. The design team for the permanent works have completed outline design in discussion with the local planning authority. A public exhibition is being planned for March, with a Listed Building Application submission to follow.
- **Rossiter Road** – Major Projects are completing a cost evaluation and will provide a report setting out options to deliver this project within the funding available.
- **St Gregory's and St Mark's Joint 6th Form Centre** - The project was granted consent at the September Development and Control Committee. Contractors have been appointed and have commenced enabling works. All works are progressing to budget and programme. The planned completion dates is August 2013.
- **Ralph Allen Applied Learning Centre** – The projects 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.