

REVENUE BUDGET MONITORING APRIL 2014 TO DECEMBER 2014

- 1.1 Appendix 2 outlines the Council's current financial position for the 2014/15 financial year to the end of December 2014 by Cabinet Portfolio. The Appendix shows the current forecast outturn position is an underspend of £1,638,000, or 0.35% of the gross expenditure budget (excluding Schools).
- 1.2 Strategic Directors will work to manage their budgets within the overall budget allocations approved by the Council for the remainder of the financial year. This may include the development of mitigating actions as the financial year progresses.
- 1.3 The forecast outturn position includes the requirement for the delivery of £10.88m savings as part of the approved budget for 2014/15.
- 1.4 Within the current £1,638,000 forecast underspend figure, there are areas of over and under spending which are detailed below, along with any planned management actions being taken to reduce projected overspends. The Council has also incurred a range of one-off costs relating to service transformation and the delivery of planned savings. The funding for these costs may be offset against the projected underspends.

1.5 Leader's Portfolio – forecast £924,000 underspend

The budget within this Portfolio includes the £500,000 additional income target from a Visitor Contribution scheme, which is not now achievable at the level anticipated. This is due to recent government legislation changes that would significantly reduce the anticipated yield from such a scheme.

This offsets a higher than anticipated 2013/14 Housing Benefit Subsidy claim, which has now been received in 2014/15 and is £918,000 greater than the figure included in the 2013/14 accounts.

The IT and Transformation Service is forecast to be £538,000 underspent arising mainly from fuller appraisal of inherited budgets when the Service was brought back in-house, and a better understanding of the IT estate. In addition, there are small underspends and overspends on salary costs within the Strategy & Performance Service and Legal Services.

1.6 Community Resources Portfolio – forecast £1,067,000 underspend

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

Corporate costs: £1,630,000 forecast underspend. This includes a £900,000 Pensions Deficit Recovery surplus, the £100,000 budget for Carbon Reduction

payments no longer being required as the Council is not part of this scheme, and a £185,000 saving in pension deficit costs following the Council's early payment of its share. There is also an external audit fee rebate and other additional income, including a one-off Capitalisation Grant received that will not be used.

Resources: There is a £563,000 overspend in Resources. Within this amount, there is a £312,000 forecast overspend within Resources Management owing to a one off cost of enabling proper coordination and phasing of savings, which once complete are due to achieve their target.

In addition, there is a £165,000 net income shortfall in Commercial Estate caused by increased temporary voids and a £476,000 overspend in Property Service mainly due to under achievement of income targets. These Resources overspends are partially off-set by a forecast £98,000 underspend in salaries within Customer Services and £127,000 underspend in Corporate Estate following a review of the repairs & maintenance budget.

1.7 Wellbeing Portfolio – forecast on target

Although Fairer Contributions Income from personal contributions is now forecast to be £224,000 below budget (as these contributions and forecasts vary in line with the financial position of individual service users), the net spend on commissioning of Older People's Services after these contributions is currently forecast to be on target.

1.8 Early Years, Children & Youth Portfolio – forecast £725,000 overspend

Within this Portfolio, there is an overspend forecast in the budgets for direct payments for children in care, particularly in the Independent Fostering, and Parent & Baby Unit budgets, due to increased cases in these volatile budgets. These forecast overspends are partially offset by an underspend of £121,000 on the Early Years' revenue contribution for capital projects supporting the transition to the new Children's Centres structure, now planned for 2015/16.

1.9 Homes & Planning Portfolio – forecast £376,000 underspend

Within Development, there is a net forecast underspend of £294,000, which includes additional income forecast in Planning, and underspends on water monitoring and staffing budgets. These are partially used to offset forecast overspends following restructure, mainly due to the loss of staffing charges to capital, as well as additional staffing costs associated with the implementation of the Community Infrastructure Levy (CIL).

In addition, there is an £82,000 underspend forecast in Housing made up of a number of small items.

1.10 Sustainable Development Portfolio – forecast £244,000 underspend

Heritage income is again going very well and is forecast to be £531,000 over budgeted level. This is due to even higher visitor numbers than the previous year, and their additional retail spend. £200,000 of this additional income is being used to off-set the non-achievement of the commercial activity target in Heritage and related services, which is forecast not to be achieved this year.

In addition, the £200,000 savings target in Destination Management will not be achieved. There is also an underspend within Economy & Culture, relating to the realignment of water monitoring, which contributes to the overall Portfolio underspend.

1.11 Neighbourhoods Portfolio – forecast £562,000 overspend

Within Waste & Fleet Services, there is a £230,000 forecast overspend on Waste tonnage, due to the reduced budget to cover the cost. However, this is partially off-set by a favourable variance on waste treatment and disposal. There is also a £200,000 shortfall in unachievable Fleet Services income targets.

Parks & Bereavement Services are forecasting a £155,000 overspend, mainly due to the underachievement of Parks & Grounds and Bereavement income targets, with the number of burials and cremations in the area in decline.

In addition, there is an overspend of £84,000 currently forecast in Libraries, where service redesign work is currently underway, but the delayed implementation will only realise half of the savings target in 2014/15. The overspends within the Portfolio are partially mitigated by a small underspend of staffing costs within Community Safety.

1.12 Transport Portfolio – forecast £314,000 underspend

Within Parking, there is a £250,000 favourable forecast, which relates mainly to underspending rather than exceptional income performance. The underspending includes staffing budgets, and also a one-off business rates rebate of £70,000. There is also an underspend forecast of £180,000 in Passenger & Public Transport, which includes £50,000 in concessionary fares from reduced passenger numbers, an unused contingency allocation and increased Park & Ride advertising income.

This underspend is partially used to off-set the forecast overspend of £116,000 in Transportation – Planning & Policy, caused by an under achievement of savings targets and on-going pressures.

1.13 The Council has requested that the delivery of the key savings for the 2014/15 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 |
|--|---------------------------------------|--|---|
| <u>Wellbeing</u> | | | |
| Social Care savings | 1,064 | 1,064 | 2 Targets: £689,000 through targeted reductions and negotiated contract amendments, plus £375,000 from reduced residential care from increased preventative services now achieved. |
| In partnership with Sirona Care & Health, further efficiency savings. | 868 | 868 | Core contract savings £293,000 achieved, plus further efficiencies of £575K through service redesign achieved through service restructuring and agreed through a variation to the 2014/15 contract baseline value. |
| <u>Early Years, Children & Youth</u> | | | |
| Connexions – Discontinuation of current form of service | 480 | 480 | Achieved. Contractual notice served to LPW and merged service in place. |
| <u>Leader</u> | | | |
| Visitor Contribution | 500 | 0 | This was a target for additional income to be derived by charging a voluntary contribution on visitors to Bath. Due to recent government legislation, this target will not be delivered as the scheme cannot be implemented as planned. |
| Corporate Procurement | 200 | 150 | This target applies to procurement across the Council. Part achieved via renegotiation of a major contract and plans for the remainder are still being reviewed. |
| ICT - Corporate - rationalisation, improved procurement & new ICT Strategy (£500k), insourcing (£100k) and removal of transformation budget (£200k). | 800 | 800 | Continuation of £350k target achieved in 2013/14. Plans for delivering this target are in place and on target. |

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| Neighbourhoods | | | |
| Libraries - to deliver the services differently in the future with support from our emerging Community Library Programme. | 255 | 128 | Plans in place for delivery but a 6 months delay in implementation is envisaged. |
| Community Resources | | | |
| Property Services – reduction in staffing levels. | 230 | 230 | Continuation of 2013/14 savings. 2014/15 plans are on target. |
| Property Services – increased revenue income through investment in Commercial properties | 250 | 250 | The Council wishes to invest in properties with secure returns that exceed those available through usual treasury management opportunities. A property was purchased in August and rental income arising from that purchase has contributed towards the achievement of this target and there are continuing efforts to seek further appropriate investment opportunities. |
| Sustainable Development | | | |
| Heritage Services – Additional net profit over three years in line with the Heritage Services Business Plan | 450 | 450 | 2 Targets: £250,000 as per Business Plan plus a £200,000 stretched profit target. Currently forecast on target anticipating that this will be met. |
| Identification of further Commercial activity for Heritage and related services. | 200 | 0 | Possibilities are being looked at and recommendations will follow in coming months as a result of a review of opportunities. This saving is unlikely to be achieved in 2014/15, however there is sufficient additional forecast net profit from the Heritage service to compensate for this. |
| Destination Management Saving | 200 | 0 | Saving will not be achieved. Review of all budget lines within Destination Management budgets to be undertaken. |

CAPITAL BUDGET MONITORING – APRIL 2014 TO DECEMBER 2014

2.1 The approved Capital Programme for 2014/15 is currently £114.961m, and is detailed in Appendix 5(ii). Changes to the Capital Programme since November Cabinet are shown highlighted in Appendix 5(i).

Progressing Capital Projects Updates

2.2 **Bath Western Riverside.** Phase 1 is complete and all residences are fully occupied and the construction of all remaining phases on Crest land (up to 813 dwellings) has commenced. The Destructor Bridge Easement Agreement is in place with the Canals and River Trust to enable replacement of the bridge. The Gas holder demolition completes in October 2014 and building 17 has also been handed over to Curo for occupation of a further 58 Affordable Homes.

2.3 **London Road** Works are increasing after the Christmas embargo. The project is due for completion in May.

2.4 **Rossiter Road** As a result of the Contractors trading difficulties, legal issues and unforeseen construction issues with a cellar in Widcombe Parade, it is now expected that the works will take until April 2015 to complete. The anticipated cost implications arising from these changes have been mitigated by the redesign of the highway structures on Rossiter Road. As a result the forecast project costs accord with the approved allocation.

2.5 **Victoria Bridge** The Project was completed on 19th December; the official opening is 15th January 2015.

2.6 **Bath Flood Mitigation** Planning and listed building consent approvals are anticipated in February, with construction works due to start in March. Completion is anticipated mid 2015.

2.7 **Bath Quays** A business case for the first phase of works for Innovation Quay has been submitted to the West of England LEP board and has been approved subject to planning. The demolition of the multi storey car park would be anticipated around May 2015.

2.8 Bath Transport Package

(1) **Lansdown** - This has been completed.

(2) **Newbridge Park & Ride** - the expansion area will be open by mid-March 2015, and the facilities building will be complete by the end of March 2015.

(3) **Stall St/ Lower Borough Walls** – access restrictions and street works will now commence early in February 2015 with completion by September 2015 (the works have been delayed awaiting the completion of the Gainsborough Hotel).

- (4) **Real Time Information** - first phase of shelters and stops to be fitted by April 2015. Second phase will not be installed until September 2015 after the stops and shelters work has been completed.
- (5) **Bus Stops** - over 75% of bus stops have been upgraded. Further upgrades have re-commenced January 2015 and the programme is expected to be completed September 2015.
- (6) **Bus Shelters** - 88 shelters have been installed. The remaining 75 shelters will be installed between March and September 2015.

2.9 **Gypsy and Traveller Sites** Contracts have been exchanged; the works are on target to be complete late February.

2.10 **Kelston Road** The road opened on 17th November and the site is due to be cleared by the end of January. The final account is yet to be agreed with the contractor, this should be finalised by the end of January.

2.11 **Norton Radstock Regeneration (NRR) Infrastructure** The project is on track and new link road completed before Christmas. The work successfully created an access to the NRR / Linden Homes site which enabled the developers to start work on building the first phase of shops and housing. The work now has moved to the centre of the town on Fortescue Road and The Street. It is anticipated that the new road network will be complete and open in late Spring 15.

2.12 **River Corridor Fund** These projects are progressing to plan. This includes the granting of funding for Minerva Rowing Club to improve club facilities which are opening on 17 Jan. New river railings will be installed by the end of March between Widcombe Lock and Churchill Bridge. A prototype of the new life buoy cabinets will be installed in February for testing with various groups, with 12 further units to be installed along the river once testing is complete. The scope and location has been agreed for the river greening trial and consultants have been appointed for Radial Gates options study.

2.13 **Digital B&NES** Survey work has started in Bath and North East Somerset, and the Council is liaising with British Telecom and Parish councils regarding the roll out of the connecting Devon and Somerset programme. A dedicated programme officer has been appointed; a business plan for the next two years' work is due in January including examination of the options for city wide wifi and commercialisation of city wide ducting.

2.14 **Radstock Regeneration** Funding enabled improvements to various community facilities in Radstock. Small traffic management improvements have also been made and new gateway signs have been installed.

2.15 **Odd Down Playing Fields** The changing rooms are in progress, and at this stage completion is expected on target for end Feb with no issues.

- 2.16 **7 Dials** A contractor is due to be appointed by mid January with work to start on site by the end of January. The contraflow cycle routes and pedestrian and paving enhancements are due to be complete by late Spring.
- 2.17 **Keynsham New Build and Regeneration** All B&NES staff are now in the new offices. Sirona moved into their area prior to Christmas. The Police have moved into the Civic Centre One Stop Shop with a front facing desk in the public area. The rest of the Police team are expected to occupy the Civic Centre Offices South area during February 2015. The retail fit out is progressing as planned. Finally the Highway works have re commenced following the Christmas Embargo and will be complete by March 2015.
- 2.18 **Weston All Saints Primary School** The KS2 classroom and kitchen extension projects have been completed. KS1 Classroom block build has commenced in September 2014, and is on target for completion in 2015.
- 2.19 **Paulton Infants School** Phase 3 of the works is completed within budget.
- 2.20 **St. Saviour's Primary School** Start on site was 16th December 2014 following discharge of planning conditions.