

REVENUE BUDGET MONITORING APRIL 2017 TO DECEMBER 2017

- 1.1 The table in paragraph 5.8 of the covering report outlines the Council's current financial position by Cabinet Portfolio for the 2017/18 financial year to the end of December 2017. This shows the current **year-end** forecast is an over budget position of £3,396,000, or 0.94% of the gross expenditure budget (excluding Schools). This is an improvement of £355,000 compared to the position previously reported based on the period to the end of October 2017.
- 1.2 Within the current £3,396,000 forecast figure, there are areas of over budget and under budget net spending which are detailed below, along with any planned service actions being taken to reduce the projected over budget expenditure.
- 1.3 **Leader's Portfolio – forecast £16,000 over budget** (*previous forecast on target*)

There are several small areas of budget variances in both Strategy & Performance and Legal & Democratic Services, which bring the overall current forecast on the Portfolio to a £16,000 over budget.

- 1.4 **Finance & Efficiency Portfolio – forecast £750,000 over budget** (*previous forecast £947,000 over budget*)

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

Support Services: There is a £830,000 (previously £892,000) over budget forecast across Support Services.

Business Support is £27,000 (previously £158,000) over budget forecast. Information Technology is now forecasted a £125,000 under budget compared to an on-target position previously reported. Following a review of service budgets, reduced costs have been identified in Service Supported Borrowing and supplies and services. These have been reflected in the 2018/19 budget as savings proposals.

The Strategic Review savings target of £75,000 to review income collection and debt recovery will need to be carried forward into 2018/19 and be reviewed in line with structural changes. A further £50,000 lean review of financial transactions is underway with savings being identified across the Council rather than showing under Business Support, these will be realised in 2018/19. Finance also has a £75,000 pressure due to the loss of West of England Combined Authority income as most accountable body functions have now transferred (B&NES is no longer the accountable body for the West of England for the various funding streams associated with City Deal, Devolution and the LEP), which are partially offset by held vacancy savings in Finance.

Property & Project Delivery is forecasting to be £34,000 under budget. There is a one-off underspend in Commercial Estate of £98,000 arising from reduced borrowing costs from acquisitions in the first-year, and £42,000 higher than budgeted income from the Housing Delivery Vehicle. This is partially used to offset the £126,000 over budget forecast in Traded Services due to print & post, one-

off backdated Business Rates and Catering Services cost pressures that will be recurrently mitigated through the proposed changes in service provision.

The net spending in Human Resources is over budget by £605,000 for a combination of reasons. This is an improvement from the £678,000 previously reported, as a result of some additional traded income from schools and general cost reductions. The three main reasons causing the over budget position are:-

- The necessary planned reduction in school support to enable the remaining minority of non-academy schools, still using the service, to buy from elsewhere. This is a one-off cost of transition.
- Part of the service had been funded through corporate reserves for a number of years and these have now been removed. There have also been ongoing HR service efficiency targets.
- The remaining element is due to demand exceeding the budget as the Council changes. To help offset this, a new structure will combine people Services and HR Services. These will improve the use of manager and staff self-service through the Trent system which is being upgraded by the supplier to be more intuitive.

The HR Service together with People Services is now in the latter stages of a major review with budgets being zero based and rebuilt by the end of this financial year. These changes will improve affordability but also enable the service to access flexible support for the Council's significant demands over the next few years. A formal consultation process with staff has commenced to enable these changes to be implemented at the start of the next financial year.

Within the Portfolio, there are also £249,000 of management savings across Support Services which have yet to be delivered, and are being addressed as part of the 2018/19 budget setting process. These arose because the savings were made but some of the costs were previously funded from capital, so did not all impact directly on revenue budgets.

Council Cross-cutting Savings: £632,000 pressure due to further procurement savings targets and underspend rebasing across the Council which have not been fully achieved. This is because any procurement savings are being offset within services and inflationary pressures within contracts plus there has not been the same level of underspends available to remove from the budget. It is proposed that this pressure is mitigated by the budget rebasing the of additional profit achieved by Heritage Services to contribute to this target, with a one-off virement for this mitigation for 2017/18 is requested for Cabinet approval in Appendix 2(i). The ongoing pressure is addressed in the 2018/19 Budget Report.

Corporate Costs: £712,000 forecast under budget, as a result of one-off Banking Contract rebate plus reduced banking costs for a year, amounting to £80,000, and £150,000 of other once-off income. In addition, there is a £330,000 under budget forecast on capital financing and interest, reflecting delayed borrowing costs as a result of re-phasing of the capital programme. There are several other small

underspends forecast including Parish Grant payments, unfunded pensions costs and external audit costs.

1.5 Transformation & Customer Services Portfolio – forecast £8,000 under budget *(previous forecast on target)*

Libraries have achieved £96,000 of the £100,000 savings target due to salary savings from vacant posts, but have a £10,000 shortfall of income and extra costs as a result of the delay in the Midsomer Norton move contributing to the overall £22,000 over budget in the Libraries service. In addition, there is a £30,000 under budget forecast in Customer Services due to unbudgeted grant income received.

1.6 Adult Care, Health & Wellbeing Portfolio – forecast £1,486,000 over budget *(previous forecast £1,425,000 over budget)*

The Adult Social Care revenue budget has a current forecast service pressure of £2,777,000. Inflationary pressures arising from factors including implementation of the National Living Wage/Sleep-in Cover, and a lack of resilience in the care home market leading to a shortfall in supply and "sellers-market", continue to be a challenge, the latter having been exacerbated by recent care home closures and the full-year effect of closures in 2016/17. Adult Social Care spend also continues to be subject to pressures arising from demographic change, with increasing levels of complexity and acuity of need impacting on the cost of individual packages of care/placements, despite enhanced control measures.

This position can be partially mitigated by fully drawing down the remaining balance of £1,291,000 from both the Social Care Reserve and the Care Act Reserve. This is in line with its anticipated use, giving a net service pressure of £1,486,000. The movement in forecast will not create a further pressure in 2018/19 and is manageable from within the additional budget growth items being put forward for consideration in the 2018/19 Budget Report.

As previously reported, the measures listed in 5.6 of the covering report have been put in place, identifying a total of £680,000 of mitigations that are already reflected in this forecast.

1.7 Children & Young People Portfolio – forecast £1,835,000 over budget *(previous forecast £1,818,000 over budget)*

The forecast within this Portfolio reflects demand-driven pressures. The main variance relates to Children's Social Care Placement costs which are forecast to overspend by £1,798,000 due to the significant increase in expenditure for supporting individual children, in particular the support for residential placements, support for fostered (including independent fostering) and court directed parent and baby placements, along with direct payments for clients at risk of care and Inter-agency adoption placements.

The Service continues the work to challenge and mitigate these cost pressures – this has included legitimate recoupment of direct payments relating to periods of hospitalisation and ongoing work to increase recruitment of local foster carers.

Savings have also been made from staffing budgets where vacancies have been held to accommodate other service overspends. Specific savings have been identified in School Improvement budgets, commissioning budgets and management costs.

1.8 Economic & Community Regeneration Portfolio – forecast £1,010,000 under budget *(previous forecast £834,000 under budget)*

Visitor numbers to the Roman Baths have increased by 8% compared to the previous year, which has contributed to Heritage Services forecasting £1,395,000 above the net income target (previously £1,337,000 above target).

Within Economy & Culture, there is an improved position of a £382,000 pressure (previously £502,000 pressure), primarily due to Strategic Review income targets for visitor economy, markets and events not being achieved. To address this going forward the Council is working with BTP on a new Business Plan and funding options that will address the income and efficiency targets for example savings in relation to the new location of both the offices and Tourist Information Centre. The reason for the reduction in the forecast pressure is within Arts, where £121,000 of budget for commissioning (£106,000) and World War 1 Memorial cleaning (£15,000) will not be spent in the current year. The service will request that this budget be carried forward into 2018/19.

1.9 Development & Neighbourhoods Portfolio – forecast £231,000 over budget *(previous forecast £167,000 over budget)*

There is a £156,000 over budget forecast (previously £63,000 over budget) in several areas of Planning Development and Building Control & Land Charges, including savings targets not being fully achieved and a reduction of major scheme Planning Applications submitted in the last quarter, resulting in a reduction of £117,000 in income, this will continue to be closely monitored.

The previously reported £112,000 pressure in the Leisure budget is now on target, arising from the costs of holding the Riverside building in Keynsham has now been reflected in the capital costs of this scheme.

Within Waste & Fleet Services, there is a £228,000 over budget forecast (previously £104,000 over budget); this is due to increased service running costs from additional side waste collections over the Christmas period, with some additional one-off costs from depot relocation. Budget pressures within Waste Services have been partly mitigated through changes in waste operations, mainly from the fortnightly collections. There are also reduced disposal and treatment costs, and the waste programme has had some slippage in delivery. A recent breakdown to the recycling Sort Line which separates recyclable materials has also resulted in a

£110,000 loss of income being forecast, the equipment repair has been scheduled into the earliest available time slot to reduce the loss of further income.

Within the Portfolio, there are also small areas of over and under budget forecasts for salaries and overhead expenditure within Place Overheads, Active Lifestyles and Community Safety.

1.10 Transport & Environment Portfolio – forecast £97,000 over budget *(previous forecast £226,000 over budget)*

Highways & Traffic Management is on target, having been previously reported £118,000 over budget, with Highway Development roles being covered by consultants and savings anticipated from the Highways Maintenance contract rationalisation not being achieved. This has been mitigated through deferring planned maintenance work in highway maintenance, street lighting and traffic signals until 2018/19 and the service has also taken management action to maximise income and recharges to capital.

Public Transport is forecasting a one-off £220,000 pressure in concessionary fares arising from delays in finalising the 2016/17 outstanding payments. The forecast position also includes a budget pressure of £200,000 as a result of the 2017/18 levy payment to the West of England Combined Authority. Options are being considered that may mitigate this pressure. There are also above budget pressures of £134,000 relating to bus shelter cleaning and Real Time Information system maintenance and a shortfall in Park & Ride income due to a final reconciliation of 2016/17 income which identified an overstatement of the estimated accrual at the year-end of £80,000 that has required an adjustment in this financial year.

The budget pressures within this Portfolio are partially mitigated by the under budget forecast in Parking Services of £566,000, where parking income is £609,000 above target and a £305,000 staffing vacancy underspend.

CAPITAL BUDGET MONITORING – APRIL 2017 TO DECEMBER 2017

- 2.1 The approved Capital Programme for 2017/18 is currently £131.688m and is detailed in Appendix 3(ii). Changes to the Capital Programme since October Cabinet are shown highlighted in Appendix 3(i).
- 2.2 A review of capital schemes has been carried out, and the Capital Programme for 2018/19 onwards is included in the Budget Report elsewhere on the agenda.

Progressing Capital Projects Updates

Finance & Efficiency Portfolio

- 2.3 **Community Resource Centres (CRC) Project** – Refurbishment and re-design of the three care home buildings will provide for changes in the demand of client base, including nursing care and specialist dementia care. These remain on budget and are expected to be completed in June 2018.
- 2.4 **Property Company Investment** - ADL is developing a pipeline of future development projects, and has begun work on the Riverside conversion of the former offices to 96 apartments. Individual flats above shops continue to transfer to ADL for redevelopment and letting as they become vacant. Annual income targets for future years remain on track, and there is a prospect of dividends returning to the Council from 2019/20 onwards.
- 2.5 **Commercial Acquisitions** – The Council is continuing to address revenue targets through the acquisition of income generating commercial properties, whilst at the same time seeking to rebalance the portfolio away from its reliance upon the retail sector. Three sites have been acquired, generating a total projected net annual income of £860,000 and further acquisitions are progressing that will contribute to achieving additional income in 2018/19.
- 2.6 **Digital Programme** – Current projects being taken forward include developing reporting capability for Public through “Report IT”, Digital Print and Post and a new website, which will be a platform for transactions, commercial information and signposting.

Transformation & Customer Services Portfolio

- 2.7 **Modern Libraries Project** – The Council has agreed the Modern Libraries Strategy and the progression towards Bath Library, including agreeing the location at The Podium. The next phase includes briefing, engagement and design works up to tender stage, and it is anticipated that this will take place between November 2017 and May 2018.

Children & Young People Portfolio

- 2.8 **Castle Primary School** – Phase 4 expansion works on target to deliver additional accommodation to expand the school from 210 to 420 places in October 2018. The contractor is due to start on site in January 2018.

2.9 Whitchurch Primary Expansion – Whitchurch Primary expansion to a 315 place school, with a new four classroom block planned to be complete for 2019. This is currently at detailed design stage, with the next key milestone being the application for planning consent.

2.10 St. Nicholas Primary Expansion – St. Nicholas Primary expansion to a 420 place school, with a new four classroom block planned to be complete for September 2019. Funding is approved and the full planning application was submitted at the end of December 2017.

Economic & Community Regeneration Portfolio

2.11 Affordable Housing – Good progress has been made. Ensleigh Extra Care is due to complete April 2019, Platform for Life now has 16 of 20 shared bed spaces available and HOLD shared ownership has one property now purchased and clients identified. At The Lodge, Chew Stoke, conservation works consent has been granted and it is anticipated to start on site at the end of 2017/18, with completion expected in September 2018. Bathampton completion is anticipated by end 2017/18.

2.12 Digital B&NES - Public Wi-Fi sites in Bath City Centre have been identified, and detailed surveys are being progressed ahead of full rollout. Delivery of Phase 2 of Connecting Devon and Somerset Partnership will commence in early 2018, and further funding applications are being developed for 2018/19. The Full Business Case will be developed for Open Programmable City region project for submission to the West of England Combined Authority. The Council is also participating in a bid for 5G mobile communication testing, and taking part in national gigabit voucher scheme pilot.

2.13 RIF Project: Bath Quays Waterside (Innovation Quay) - The park opened to the public on 26th November 2017. It remains part of the Quays construction site and will be subject to temporary closures over the next few years as the development progresses. The final section of flood defence works, along the south edge of the river, will be completed in 2018 as part of the Bath Quays South scheme.

2.14 Bath Quays North – The procurement process to select a development partner continues on schedule. An outline planning application for the Bath Quays North Masterplan has been submitted.

2.15 Bath Quays South – The land purchase required to facilitate bridge landing on Bath Quays South has now been completed, and onsite enabling works will now commence in Spring 2018. The Council has entered a cooperation and lockout agreement to progress the creative workspace in the Newark Works (35,000ft). The Council is making design modifications to the office to purpose it for a multi-tenant occupation, with construction due to commence in Summer 2018.

2.16 Roman Baths Archway Project – The RIBA design stage 4 has been completed and the tenders for the main contractor are currently being assessed. The Archaeological Contractor has now been appointed, and a programme of research excavations will take place in January and February 2018. The excavations will be open to public visitors to the Roman Baths, and will bring significant public engagement with the Archway Project in line with the aims of the Heritage Lottery

Fund. The Pre-Qualification process has been undertaken for the Main Building Contractor, and the Invitation to Tender will shortly be issued to a shortlist of five contractors. It is anticipated that the main construction works will commence in Summer 2018, following the repair of the beams supporting York Street.

Development & Neighbourhoods Portfolio

- 2.17 **Waste Projects including Infrastructure Relocation** – On-site construction for the relocation of the Outer Bath Street Cleansing Team to Locksbrook Road was completed in December 2017, and operations will be fully relocated during January 2018. Further options for the relocation of refuse and recycling collection operations are anticipated for consideration in the final quarter of 2017/18. Commercial Waste Service and Waste Transfer Station proposals are being developed, including land acquisition, planning submission and proposed operations.
- 2.18 **Bath Leisure Centre Refurbishment** – The first two packages of works of the development are now open to the public (Sports hall, new fitness suite and new studios / bowling and soft play). In addition the trampoline park opened to the public at the beginning of 2018. Reception and Wet Zones (pools and wet changing) were closed in September 2017 and are currently being fully refurbished. Expected completion of this final phase is late Spring / early Summer.
- 2.19 **Keynsham Leisure Centre** – The scheme proposals have received planning permission, and interior designs are finalised with budget approved. The project is being delivered in conjunction with the residential refurbishment of Riverside, and a contractor has been appointed. Works are anticipated to commence after Spring 2018 with strip out works started on site.

Transport & Environment Portfolio

- 2.20 **Transport Improvement Programme** – The Programme is progressing well, with multiple schemes in delivery. Schemes include the improvements to increase the capacity of the Two Headed Man (A39) Junction, where the works completed in November 2017. Key issues on the Feasibility of a Light Rapid Transit for Bath are also being identified.
- 2.21 **Highways Maintenance Programme** – Schemes are progressing to programme. This includes the A4 Keynsham Bypass, where Phase 1 works including the Broadmead Lane Roundabout have been completed. Phase 2, the bulk of the works to include resurfacing, will be completed in 2018.
- 2.22 **East of Bath Transportation** - The Cabinet has adopted a new approach to address the issues of traffic and transport in Bath, particularly to the east of the city, and will continue to seek and implement new opportunities and work with neighbouring Authorities. The Council continues to seek suitable parking provision linked to public transport improvements for car users, and is developing a feasibility study and business case for the junction at Freezing Hill Lane to improve the access and egress to Lansdown P&R.
- 2.23 **York Street Repairs** – The emergency structural analysis and traffic management plan in place enabled the Christmas Market to proceed as planned.